

# Public Document Pack

**Steve Atkinson** MA(Oxon) MBA FIoD FRSA  
Chief Executive

Date: 19 October 2012



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

**To: Members of the Finance, Audit & Performance Committee**

Mr PAS Hall (Chairman)  
Miss DM Taylor (Vice-Chairman)  
Mr JG Bannister  
Mrs R Camamile

Mr R Mayne  
Mr JS Moore  
Mr K Morrell

Copy to all other Members of the Council

(other recipients for information)

Dear Councillor,

There will be a meeting of the **FINANCE, AUDIT & PERFORMANCE COMMITTEE** in the Committee Room 2 on **MONDAY, 29 OCTOBER 2012 at 6.30 pm** and your attendance is required.

The agenda for the meeting is set out overleaf.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Denise Bonser'.

Denise Bonser  
Democratic Services Officer

**A G E N D A**

1. APOLOGIES AND SUBSTITUTIONS

2. DECLARATIONS OF INTEREST

To receive verbally from members any disclosures which they are required to make in accordance with the Council's code of conduct or in pursuance of Section 106 of the Local Government Finance Act 1992. **This is in addition to the need for such disclosure to be also given when the relevant matter is reached on the Agenda.**

3. MINUTES OF PREVIOUS MEETING (Pages 1 - 2)

To confirm the minutes of the meeting of the Finance Audit & Performance Committee held on 10 September 2012 attached.

4. INTERNAL AUDIT PROGRESS REPORT (Pages 3 - 10)

5. ANNUAL AUDIT LETTER & ISA260 UPDATES

To follow.

6. PROTOCOL INTERNAL AUDIT (Pages 11 - 26)

7. BUDGET STRATEGY 2013/14 (Pages 27 - 30)

Report of the Deputy Chief Executive (Corporate Direction) attached

8. 2ND QUARTER TREASURY MANAGEMENT REPORT (Pages 31 - 40)

Report of the Deputy Chief Executive (Corporate Direction) attached.

9. STOCK VALUATION UPDATE (Pages 41 - 44)

Report of the Deputy Chief Executive (Corporate Direction) attached.

10. UPDATE ON BUSINESS RATE RETENTION AND POOLING

The Deputy Chief Executive (Corporate Direction) will give a verbal update on the Business Rates Retention and Pooling.

11. WORK PROGRAMME (Pages 45 - 46)

# Agenda Item 3

## HINCKLEY AND BOSWORTH BOROUGH COUNCIL

### FINANCE, AUDIT & PERFORMANCE COMMITTEE

10 SEPTEMBER 2012 AT 6.30 PM

PRESENT: Mr PAS Hall - Chairman  
Miss DM Taylor – Vice-Chairman

Mr RG Allen, Mr JG Bannister, Mrs R Camamile, Mr R Mayne and Mr JS Moore

Also in attendance: Mr M Jones (Price Waterhouse Coopers)

Officers in attendance: Katherine Bennett, Julie Kenny and Sanjiv Kohli

#### 138 APOLOGIES AND SUBSTITUTIONS

An apology for absence was submitted by Mr K Morrell and in accordance with Council Procedure Rule 4.1 Mr R Allen substituted.

#### 139 DECLARATIONS OF INTEREST

No interests were declared at this stage.

#### 140 MINUTES OF PREVIOUS MEETING

On the motion of Mrs Camamile, seconded by Mr Mayne it was

RESOLVED - the minutes of the meeting held on 20 August 2012 were confirmed and signed by the Chairman.

#### 141 STATEMENT OF ACCOUNTS

Members were presented with the draft Statement of Accounts 2011/12 in line with audit regulations. Members were informed the Statement may require minor amendments following consideration of the results of the ongoing stock validation process. It was later confirmed that the results of the validation did not give rise to any adjustments to the Financial Statements as any differences were not financially material to the Statements.

The Committee requested a statement outlining the variations in the stock valuation data and it was agreed this be brought to the next meeting.

It was agreed that training sessions be arranged for Members outlining the principles behind the Statement of Accounts.

#### 142 ISA 260 LETTER (PWC)

Mark Jones of Price Waterhouse Coopers endorsed the Statement of Accounts. He commended the Council for a clear and positive report. Members wished to pass on their thanks to the accountancy team for their professionalism in preparing the Statement.

#### 143 1ST QUARTER PERFORMANCE MANAGEMENT FRAMEWORK

The Committee were provided with the Council's current performance indicators and corporate risks for the first quarter (2012/13).

It was requested that on future reports the targets of the Council and the impacts of outside bodies be differentiated.

144 ANNUAL GOVERNANCE STATEMENT

The Committee were presented with the Annual Governance Statement. The Statement is a key measure of the overall effectiveness of the authority. Members endorsed the report.

145 2011/12 CAPITAL UNDERSPENDS

Information on the reasons for capital under spends in 2011/12 were presented to Members as requested at the last meeting. The Committee noted the report and thanked officers for their diligence in producing the savings outlined.

146 BUSINESS RATES RETENTION

The Deputy Chief Executive (Corporate Direction) gave an update on the progress of the new business rates retention scheme.

After modeling work carried out by County Council and public sector consultants the outlook appears to be that pooling would be beneficial to the Council. A legal partnership agreement would need to be drawn up and agreed by all partners. The Council's decision as to whether to enter into a pooling system needs to be submitted to DCLG by 19 October 2012.

147 WORK PROGRAMME

The work programme was approved by Members.

(The Meeting closed at 8.04 pm)

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CHAIRMAN

Hinckley & Bosworth Borough Council

Internal Audit  
Progress Report 2012/13

October 2012



## 1. Introduction

This report summarises the work of Internal Audit for the period to mid October 2012. The purpose of the report is to update the Committee on progress made in delivering the 2012/13 audit plan.

## 2. Progress summary

The agreed internal audit plan for the 2012/13 year totals 255 days. Section 5 provides details of all of the audit assignments included in the 2012/13 year, together with details of the quarter in which the assignments are planned for delivery and an update on progress where assignments have commenced. We have delivered 90 days of work against the plan to mid October 2012, which is in line with our planned profile at this stage of the year.

Certain proposed changes to the audit plan have been agreed with management to date:

- additional time for review of Revenues & Benefits to ensure coverage of Leicestershire Revenues & Benefits Partnership (LRBP) systems operated on behalf of North West Leicestershire and Harborough Councils. H&BBC will recharge relevant costs to the other Councils. Part of the additional time has been resourced by reducing the time planned for this Council's elements of a joint review on Benefit Fraud Investigation with Oadby & Wigston Borough Council.
- The planned Housing Warden Services review is to be replaced by a review on the management of the Argents Mead site and office move.

## 3. Summary of reviews completed

The following reviews have been completed and final reports agreed with management since the last meeting of this Committee. The tables below set out summaries of the outcomes.

Review	Summary	Level of assurance
Housing Responsive Repairs	This audit aimed to provide assurance on the repairs function which had been brought in-house in September 2011. A Significant Assurance Opinion was provided, with 10 medium level recommendations made. These included the introduction/review of policies/procedures on rechargeable/leasehold repairs, performance reporting, market testing of certain types of repair work, the need to ensure accuracy of data recording on the housing IT system, timely post-inspections and information to enable in-house jobs to be accurately recorded as complete and financial reports reflecting up to date cost and income. The individual level of assurance for each system control objective reviewed is provided below.	Significant

System control objective	Level of Assurance				
	Full	Significant	Moderate	Limited	No
1. Housing repairs are carried out in accordance with relevant legislation and formally agreed procedures.		✓			
2. Responsive repair requests are properly recorded and assessed to ensure that they are valid.		✓			
3. There are appropriately detailed records kept to demonstrate that all repairs delivered in a prompt and cost effective manner to a satisfactory standard of quality.			✓		
4. Housing repair costs are effectively controlled in accordance with an agreed budget and are accurately recorded in the financial ledger.		✓			
5. There are sufficient IT controls in place to ensure the integrity and security of data held on the housing repairs system.	✓				

Review	Summary	Level of assurance
Contract Management (Parks)	This audit examined the arrangements for letting and managing Parks and Open Spaces contracts. A Significant Assurance Opinion was provided, with 2 medium level recommendations made, regarding receipting electronic tenders and ensuring two officers are always involved in assessing and selecting quotations. The individual level of assurance for each system control objective reviewed is provided below.	Significant

  

System control objective	Level of Assurance				
	Full	Significant	Moderate	Limited	No
1. Parks and Open Spaces contracts are tendered in accordance with the Council's Standing Orders and Financial Instructions.		✓			
2. Successful contractors are selected in a fair and transparent manner.		✓			
3. Contracts are subject to ongoing monitoring to ensure proper delivery of goods and services in accordance with an agreed specification.	✓				

Review	Summary	Level of assurance				
Risk Management	This audit examined the overall control framework in place regarding the Council's risk management arrangements. A Significant Assurance Opinion was provided, with 2 medium level and 4 low level recommendations made. These included processes to ensure consistency in risk identification and feedback of risks from Committee reports through to risk registers, and ensuring Terms of Reference of the Finance, Audit & Performance Committee fully reflect its intended role (from the Risk Management Strategy) regarding risk management. The individual level of assurance for each system control objective reviewed is provided below.	<b>Significant</b>				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
1. All services have developed risk registers which comply with Council guidance and Policy/Strategy and link to delivery of corporate/service plan objectives.		✓				
2. Controls mitigating risks and necessary further management action plans to address risks have been identified and documented within risk registers.	✓					
3. Risk registers are reviewed and updated in a timely fashion.		✓				
4. Robust reporting arrangements are in place to ensure risk registers inform corporate and Committee reporting and that strategic and service risk registers inform each other.		✓				

## 4. Recommendation tracking

By agreement with management, CW Audit Services is implementing a system for tracking the actioning of agreed Internal Audit recommendations, to which managers will have access. This will include training of managers who will be responsible for updating actions taken and other key information directly on the system. CW Audit Services will liaise with management and use the system in future to update the Committee on the status of agreed actions.



## 5. 2012/13 Internal audit plan

Description of audit	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance level
Budgetary Control				✓	Timing and high level scope discussed	
Main Accounting			✓		Draft report issued/imminent	
Capital Accounting				✓	Timing and high level scope discussed	
Council Tax (see note above re LRBP)			✓		Work underway	
Business Rates (see note above re LRBP)			✓		Work underway	
Benefits (see note above re LRBP)			✓		Work underway	
Benefit Fraud Investigation ( joint review with OWBC)			✓		Work underway	
Creditors			✓		Draft report imminent	
Debtors			✓		Draft report imminent	
Treasury Management			✓		Draft report issued	
Income Management & Cash Receipting			✓		Work underway late October	
Corporate Governance (standards of conduct)				✓	Timing and high level scope discussed	

Description of audit	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance level
Risk Management		✓			Final report issued	Significant
Customer Services (reception)			✓	✓	Timing and high level scope discussed	
Anti-Fraud & Corruption		✓			Work underway	
Payroll & Expenses			✓			
Legal Services (IT audit - case management system)			✓		Work underway	
Allocations – Choice Based Lettings	✓				Draft report issued	
Housing Rents			✓		Work underway	
Tenant Scrutiny				✓		
Sheltered Housing				✓		
Warden Services-replaced by Argents Mead				✓		
Town Centre Regeneration (joint review with Oadby & Wigston)				✓		
Housing Repairs		✓			Final report issued	Significant
Fuel Controls		✓			Fieldwork complete	

Description of audit	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance level
Contract Management (Grounds Maintenance)	✓				Final report issued	Significant
Recommendation Tracking		✓	✓	✓	Ongoing throughout year	
Follow Up Reviews					Timing and coverage to be agreed	
Audit Needs Assessment, Planning & Annual Report	✓	✓	✓	✓	Ongoing throughout year	
Audit Committee/External Audit/Senior Team meetings	✓	✓	✓	✓	Ongoing throughout year	
Contract Management & ad hoc advice	✓	✓	✓	✓	Ongoing throughout year	

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***Hinckley and Bosworth  
Borough Council***

Internal audit / external audit  
liaison protocol

August 2012

PricewaterhouseCoopers (PwC) LLP

Coventry and Warwickshire Audit Services Limited

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# 1 – Introduction

The purpose of this protocol is to set out arrangements for co-operation and co-ordination of work between internal audit and external audit in relation to Hinckley and Bosworth Borough Council ('the Council'). Internal audit services are provided by Coventry and Warwickshire Audit Services Limited (CW Audit) and external audit services are provided by PricewaterhouseCoopers LLP (PwC).

Both internal audit and external audit have recognised the value that could be gained from working more closely together to provide audit services for the Council. This document has been produced to help clarify respective roles and responsibilities and to provide a framework for communication between internal audit and external audit going forward.

A range of benefits are anticipated from this Protocol including:

- more effective audit provision based on a clearer understanding of respective audit roles and requirements;
- a better informed dialogue on the risks and issues facing the Council leading to more effective focusing of audit effort;
- better co-ordinated audit activity based-on joint planning and communication of needs;
- a better understanding of the results of internal and external audit's work which may inform respective future work plans and programmes; and
- full implementation of the "Managed Audit" concept including maximum reliance on internal audit work.

The Council's Finance, Audit and Performance Committee will have an interest in the way in which internal and external audit work together as part of its primary responsibility to oversee the integrity of financial controls and procedures. We therefore recommend that this Protocol be received and approved by the Finance, Audit and Performance Committee.

# 2 – Respective roles and responsibilities

Internal and external audit have fundamentally different roles and responsibilities, which need to be understood and are summarised below.

## **External audit**

PricewaterhouseCoopers LLP (PwC) are appointed as the independent external auditors of Hinckley and Bosworth Borough Council by the Audit Commission. External audit are responsible for undertaking the external audit in accordance with the Audit Commission's Code of Audit Practice (Local Government), including the audit of the Council's financial statements.

The audit of the financial statements of Hinckley and Bosworth Borough Council in accordance with the Code of Audit Practice requires compliance with relevant International Standards of Auditing (UK & Ireland) issued by the Auditing Practices Board.

At the completion of work on the financial statements audit, external audit issue an audit report to the Finance, Audit and Performance Committee of Hinckley and Bosworth Borough Council. This provides external audit's independent opinion on whether the financial statements give a true and fair view of the Council's gains and losses, cash flows and financial state at the end of the financial year in accordance with the accounting policies. It is also required to issue an opinion on value for money, considering the two criteria of financial standing and securing economy, efficiency and effectiveness in its use of resources.

External audit will liaise with internal audit in order to obtain a sufficient understanding of internal audit activities to assist in planning the financial statements audit and developing an effective audit approach. External audit will wish to place reliance upon certain aspects of the work of internal audit in satisfying their statutory responsibilities as set out in the Code of Audit Practice, for example in forming the value for money opinion. External audit may wish to consider the work of internal audit when undertaking their procedures in relation to the Annual Governance Statement.

## **Internal audit**

CW Audit Services are appointed as the internal auditors of Hinckley and Bosworth Borough Council. One of the main roles of internal audit is to review the systems of internal control in place at the Council and to provide management with a view on their effectiveness. In addition, internal audit also reviews the risk management and corporate governance arrangements in place at the Council.

Internal audit issue their reports to management and the Council's Finance, Audit and Performance Committee.



# 3 – Co-ordination of Internal and External Audit work

Whilst internal and external audit have different roles and responsibilities, both are required to consider many similar matters. As a result, there is often an overlap in the work that internal and external audit are required to undertake and there is therefore a need for cooperation and coordination to ensure that the potential for duplication is minimized and that both internal and external audit plans are achieved and work is undertaken in the most efficient and effective manner.

Set out below are the main areas of coordination and cooperation between internal and external audit expected to be in place at the Council.

## **Planning**

When developing an audit plan, internal audit shall consult with external audit in advance to ensure that they are satisfied with the coverage of areas where they can consider placing reliance on the work of internal audit. Conversely, external audit will accordingly consult with internal audit in advance on any key areas that may impact significantly on internal audit. In this way, both parties will be able to more effectively plan resources for the delivery of work in order to meet their responsibilities. Should gaps be identified in the coverage of key controls on the Council's fundamental financial systems within internal audit's plan, external audit will need to consider the most efficient way in which to gain comfort over the operation of those systems and reduce audit risk to an acceptable level. This comfort may be gained through supplementary work on the key controls not tested, or through extended detailed testing of balances within the Council's financial statements. The outcome of discussions around audit plans will need to be communicated to the Council's Deputy Chief Executive (Corporate Direction) in order to inform the Council of any impact on audit fees.

As with all plans there may be times when due to unforeseen circumstances, for example staff vacancies, slippage may occur. Performance against audit plans should be reported to the Council's Finance, Audit and Performance Committee and form part of discussions between internal audit and external audit. Action to rectify any slippage, such as acquiring additional staff resource should be identified. Under the managed audit external audit could undertake agreed additional work outside of the plan.

## **Timing of coordination**

Regular and open communication between internal and external audit is essential to achieve effective cooperation. Senior members of the internal and external audit teams will meet during the year to discuss the audit process and any specific matters arising from audit work. These meetings will include a discussion of how well the cooperation and coordination is working and whether any changes and / or improvements are required. A timetable for the liaison and coordination of work is set out in Appendix A.

Outside of the timetable external audit will need to be informed of any significant matters and major frauds. Similarly, external audit will ordinarily inform internal audit of any significant matters which may affect internal audit's work.

## **Sharing reports**

As internal and external audit both receive the papers of the Finance, Audit and Performance Committee meetings of Hinckley and Bosworth Borough Council, reports and findings will generally be shared through these meetings. Internal and external audit will also share their full final reports and findings with each other on an ongoing basis.

## **Review of Internal Audit**

External audit will undertake a review of internal audit each year and communicate any findings from

this review to the Finance, Audit and Performance Committee by exception.

In addition, external audit is also required to review the arrangements for the provision of internal audit services in accordance with ISA 610 (UK&I) (Considering the Work of Internal Audit) if reliance is to be placed on the work of internal audit.

**Reliance on the work of Internal Audit**

External audit will assess the reliance to be placed on internal audit work each year and communicate the findings to the Finance, Audit and Performance Committee.

As well as considering the overall arrangements for the provision of internal audit services, ISA 610 (UK&I) also requires external auditors to evaluate the work of internal audit in order to be able to place reliance on this work and to reduce the scope and / or extent of their audit procedures. The basis of external audit’s review will be to establish compliance with internal audit standards, this protocol and completion of a checklist for individual reviews. This will involve reviewing internal audit working papers and re-performing some of the work and / or undertaking complementary testing.

External audit will inform internal audit which areas they intend to place reliance on and typically this involves a review of the internal audit plan for the year and the scope and extent of work to be undertaken by internal audit on each system. Internal audit will then be informed of any concerns about the planned scope and extent of their work and a timetable will be agreed for the detailed review of the work of internal audit.

As a minimum, external audit will seek to place reliance on internal audit work covering the following areas:

- financial ledger system;
- budgetary control;
- bank, cash and treasury management;
- income and debtors;
- creditor payments and ordering;
- stock and stores;
- council tax and NNDR
- HRA Income & Expenditure
- payroll; and
- fixed assets and capital accounting.

For the above systems it is envisaged that key controls will be examined annually by internal audit. However, internal audit may wish to include some or all of the above as part of a risk-based three year rolling programme. Key controls should ordinarily be used as the basis of the audit plan. Limited scope reviews should be agreed as part of the annual planning process.

External audit will provide internal audit with a list of the key controls within each of these reviews that External Audit would wish to place reliance on. In addition, external audit will provide internal audit with documented guidance on the nature and scope of testing that they would expect internal audit to perform on these controls, in order for external audit to be able to place reliance on internal audit’s work.

External audit will carry out their review of internal audit’s work in the second half of February in each financial year. They will formally feed back the findings of their review to internal audit at the quarterly liaison meeting in March / April each year. Initial comments on significant findings will be fed back to internal audit verbally following the review of files.

To complete the review, internal audit will agree to provide external audit with access to their working papers and will discuss the work and the findings with external audit.

Where external audit conclude that they are unable to place reliance on the work of internal audit, external audit will communicate this to the Deputy Chief Executive (Corporate Direction), internal audit and the Finance, Audit and Performance Committee so that the cost implications of external audit having to undertake additional testing can be assessed.

### **Timetable for completion of Internal Audit work**

Internal audit will aim to complete and have issued draft reports for their work on the significant key financial systems reviews agreed between internal and external audit, by the end of January each financial year, with the remainder having completed fieldwork by the end of March. This will enable external audit to review internal audit's work on a timely basis and to factor the results of their assessment of internal audit's work into the external audit approach at the planning stage. This will ensure that the most effective audit approach is developed and will help to avoid duplication of audit effort.

### **Top Up Testing**

Internal audit will perform top up testing where further assurance is needed or where specific risks are identified and this is agreed with the Deputy Chief Executive (Corporate Direction). This will both increase the reliance that external audit can place on internal audit's work and increase the assurance given to management over the systems in question.

### **Sample Sizes**

To enable full reliance by external audit on internal audit's work the sample size guidance in Appendix B should be followed.

Where items are found not to be relevant to the test or control objectives or where items could not be located, additional items will be selected in their place to ensure that the initial agreed sample size is tested unless an exception is clearly recorded. Samples should be selected from a relevant population and as far as is practical across the current year in order to provide assurance that systems are operating effectively throughout the year. The sample selection methodology and the population size should be clearly documented for all tests.

### **Working Papers**

There should be a clear audit trail on all internal audit files with all working papers cross referenced. International Standards for Internal Auditors require auditors to obtain and record sufficient relevant evidence to support their conclusions and to demonstrate the adequacy of evidence obtained to support professional judgements.

Specifically there should be:

- evidence that where statements have been made by staff when interviewed as part of key controls testing, these statements are evidenced by testing;
- evidence that all issues raised in supporting working papers have either been reported or have been satisfactorily resolved and therefore do not need to be reported;
- a clear trail from all issues raised in reports back to supporting working papers;
- evidence of a review of all working papers and reports by a senior auditor;
- evidence of how review points have been raised, addressed and cleared; and
- collection and documentation of the responses given by Council officers to all issues reported by internal audit so that agreed actions may be followed up by internal audit and the timely implementation of agreed actions monitored by the Finance, Audit and Performance Committee.

## **The Managed Audit**

When seeking to cooperate and coordinate their work, internal and external audit both recognise that neither party specifically undertakes any work on behalf of the other.

However, under the Managed Audit approach and in accordance with best practice for cooperation and coordination between internal and external audit, external audit will seek to ensure that the work of internal audit is sufficient to provide the necessary assurances to the Council over the operation of its systems of internal control and that the work can also be used during the external audit process.

However, in choosing to rely on the work of internal audit, external audit recognise that the work has been undertaken for the Council and that internal audit do not owe them a duty of care.

# Appendix A – Protocol timetable

The following table sets out a framework timetable for the actions set out in this protocol:

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Internal audit present the Audit Plan to Finance, Audit and Performance Committee													
Liaison meetings													
Internal audit deadline for completion of key systems reviews													
PwC review internal audit's work on key systems													
Internal audit Annual Report to Finance, Audit and Performance Committee													
PwC present Audit Plan for following year to Finance, Audit and Performance Committee													
PwC present ISA260 report to Finance, Audit and Performance Committee													

# Appendix B – Sample size guidance

External audit will need to ensure that where testing is performed by internal audit, the sample sizes are met as described in the table below and cover the full financial year. External audit has agreed to provide internal audit with a listing of these controls that internal audit may want to consider in their reviews. In return internal audit has agreed to cover these controls in the key systems reviews and top up the testing on these controls shortly after the end of the financial year to meet the sample sizes identified in the table below.

<b>Frequency of control</b>	<b>Equivalent annual population size</b>	<b>Number of items to test</b>
Annual	1	1
Quarterly	4	2
Monthly	12	2 to 5
Weekly	52	5, 10, 15
Daily	250	20, 30, 40
Multiple times per day	>250	25, 45, 60

# Appendix C – Key controls

## Key Controls

We have included in the tables below, for each review, details of key control objective PwC would anticipate being tested by Internal Audit in order for reliance to be placed on their findings for the following reviews:

- Payments and Creditors;
- Income and Debtors;
- Payroll;
- Fixed Assets;
- Financial Ledger;
- Budgetary Control;
- Bank, cash and treasury;
- Council tax & NNDR;
- HRA Income & Expenditure.

The information below includes details of the expected key control in each area. This is not an exhaustive list, and PwC anticipate that Internal Audit will undertake other tests of controls in order to conclude on an overall level of assurance for each review.

### Payments and Creditors

What controls are in place to ensure that adequate segregation of duties exist between ordering, receiving cash, making cash payments and updating the general ledger?
Is access to the ordering, invoice processing and general ledger system restricted by appropriate controls?
What control ensures that invoices are matched to orders? And matching to GRNs? What is the process for payments where the invoice does not match the order or GRN? What controls ensure this process is followed?
What controls ensure that invoices are authorised by an appropriate officer?
What control ensures that the invoice data on the creditor payments system is transferred to the general ledger completely and accurately?
What controls prevent duplicate payments from being made?
What controls ensure that all payments are authorised prior to payment?
What control is in operation to ensure that access to the cash payments system (cheques, BACS, DDs cash payments) is restricted?
What control ensures that creditor payments data is transferred to the general ledger correctly?
Monitoring controls may include the following exception reports which are prepared for review by managers including: <ul style="list-style-type: none"> <li>• Incorrect payments made</li> <li>• Unvalidated invoices reports</li> <li>• Disputed invoices</li> <li>• Goods/services delivered but not invoiced</li> <li>• Duplicate invoices</li> </ul>
What evidence is in place to demonstrate that exception reports are reviewed or other key monitoring controls are in place such that action is taken to address exceptions on a timely basis?

## Income and Debtors

What controls are in place to ensure that adequate segregation of duties exist between: preparation of orders, raising of invoices, cash receipting, cash recording, depositing income and general ledger maintenance?
Is access to the income system and related data records restricted?
What control ensures that the activity recording system and income systems are reconciled?
What controls ensure that invoices are processed accurately, completely and only once?
What controls ensure that invoices are matched to evidence of goods or services being provided?
What control ensures that adjustments to invoices (e.g. credit notes) are authorised by an appropriate official?
What control ensures that data is transferred from the income system to the general ledger accurately and in the correct financial year?
What control is in operation to ensure that access to the cash receipting system is restricted?
What control ensures that receipts are recorded against the correct debtor accounts?
What control ensures that unmatched receipts are corrected in a timely manner?
What controls ensure that action is taken in respect of overdue payments?
What controls ensure that write-offs are approved by an appropriate officer?
Monitoring controls may include the following exception reports which are prepared for review by managers including: <ul style="list-style-type: none"><li>• Credit balances on accounts</li><li>• Significant write-offs</li><li>• Age debt listings</li><li>• Recovery action against outstanding debts</li></ul> What evidence is in place to demonstrate that exception reports are reviewed or other key monitoring controls are in place such that action is taken to address exceptions on a timely basis?



## Payroll

What controls are in place to ensure that adequate segregation of duties exist between supervision, time keeping functions, payroll processing, authorisation of payrolls, performance of bank reconciliations and maintaining the general ledger?
Is access to the payroll processing system, cash payments system (cheques, BACS, DDs,) and related data records restricted?
Are changes to employee standing data reviewed and approved by an appropriate officer?
What control ensures that new starters entered are genuine employees and their details accurate?
What controls ensure that all leavers are captured, and their leaving dates accurate?
What control ensures that gross pay and deductions from pay (e.g. PAYE, NI, superannuation, and charitable deductions) are calculated correctly?
What control ensures that data is transferred from the payroll system to the general ledger accurately and in the correct financial year?
What controls ensure that correct payments are made to the right employee?
What controls are in place to identify and resolve overpayments?
What control ensures that all payments are authorised by an appropriate official prior to payment?
Monitoring controls may include the following exception reports which are prepared for review by managers including: <ul style="list-style-type: none"><li>• Starters and leavers</li><li>• Overtime work</li><li>• Gross to net calculations and other key ratios</li><li>• Payments over specified levels.</li></ul>
What evidence is in place to demonstrate that exception reports are reviewed or other key monitoring controls are in place such that action is taken to address exceptions on a timely basis?

## Fixed Assets and capital contracts

What controls are in place to ensure that adequate segregation of duties exist between selecting capital projects, administering tenders, awarding contracts and payment to contractors?
What control ensures that payments to contractors are properly authorised?
Do comprehensive and up to date standing orders and standing financial instructions exist for the award and administration of contracts?
What control is in place to ensure the capital programme is appropriately authorised?
What controls are in place to ensure that all disposals of fixed assets are identified and processed on the fixed asset register?
What controls are in place to ensure that the existence of Council assets is checked - e.g. fixed asset verification?
What controls are in place to approve capital spend?
Is the fixed asset register reconciled to the general ledger?
Is spend against the capital programme adequately monitored through the year? Is progress reported effectively?
What controls are in place to ensure that access to the fixed assets register is appropriately restricted?

## Financial Ledger

What controls are in place to ensure that adequate segregation of duties exist between maintenance of the feeder systems, maintenance of the general ledger and control of budget setting?
What control ensures that reconciliations between major feeder systems and the general ledger are carried out on a regular basis?
Are reconciliations between major feeder systems and the general ledger reviewed by an appropriate officer and reconciling items cleared?
What control ensures that access to the general ledger system is restricted?
What control ensures that changes to standing data on the general ledger are authorised appropriately?
Are journals subsequently numbered?
What control ensures that all journals are appropriate and have been authorised?

## Budgetary Control

What control ensures that access to the budget monitoring system is restricted?
What control ensures that budgets are reviewed and approved by an appropriate officer / forum/ the Council?
What control ensures that all budgets are issued to Budget Managers on a timely basis?
What control ensures that data included on the budget reports is accurate and complete?
What control ensures that significant over or under spends are highlighted and investigated by departmental officers in respect of the budget reports? What action is taken in respect of over and under spends by departmental officers?
What evidence is in place to demonstrate that budget exception reports are reviewed and action taken on a timely basis to address exceptions raised? What control ensures that significant over and under spends at the department level are reported appropriately to a higher level?

## Bank, Cash and Treasury

What controls exist to ensure that the movements in the bank accounts agree to the cashbook and general ledger system (e.g. bank reconciliations)?
What controls ensure that management are monitoring their cash position on a regular basis (e.g. cash flow monitoring) to identify shortfalls or investment opportunities?
What control ensures that all investments and borrowings are appropriately approved?
What control ensures that investments comply with the Council's treasury management and investments policy?
Reconciliation between management spreadsheet (detailing transactions) to general ledger, bank account/statements and third party confirmation. i.e. control to ensure that the general ledger is accurate and complete.
What controls are in place to ensure that adequate segregation of duties exist between authorising transactions, recording transactions, payment of cash and general ledger maintenance?

### Council Tax & NNDR

What controls are in place to ensure accurate, complete and timely Council Tax/ NNDR bills are raised?
What controls are in place to ensure that properties and valuation bands are included and updated in the Council Tax/ NNDR register?
What controls are in place to ensure that discounts and exemptions are authorised and subsequently applied?
What controls are in place to ensure that non-recoverable debts are written off?
What controls are in place to monitor payments and to take prompt action against non- payment?
What controls are in place to ensure that write-offs are authorised before being processed?
What controls are in place to ensure the information as per the Academy system reconciles to the General Ledger and cashbook?

### HRA Income & Expenditure

Is the housing rents system reconciled to the general ledger and cashbook?
What controls are in place to ensure that the rent charge parameters are input correctly?
What controls are in place to ensure that jobs performed by the in house team are appropriately authorised?
What controls are in place to ensure the decision as to whether a given job is a capital one or a repairs one is appropriate?
Is the housing repairs system reconciled to the general ledger?
What controls are in place to ensure that job costing is appropriate?
What controls are in place to ensure that any materials ordered by Housing Repairs just before or at the year end and relayed to Finance on a timely basis to ensure the appropriate accruals are raised in the accounts?

*In the event that, pursuant to a request which Hinckley and Bosworth Borough Council and CW Audit LLP has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this document, it will notify PwC promptly and consult with PwC prior to disclosing such report. Hinckley and Bosworth Borough Council and CW Audit LLP agree to pay due regard to any representations which PwC may make in connection with such disclosure and Hinckley and Bosworth Borough Council and CW Audit LLP shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, Hinckley and Bosworth Borough Council and CW Audit LLP disclose this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.*

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**FINANCE, AUDIT AND PERFORMANCE COMMITTEE – 29 OCTOBER 2012**  
**REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)**  
**RE: BUDGET STRATEGY 2013/14**

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1. **PURPOSE OF REPORT**

To inform members of the Budget Strategy for 2013/14.

2. **RECOMMENDATION**

That the Committee note the Budget Strategy for 2013/14 which will be formally approved by Executive.

3. **BACKGROUND TO THE REPORT**

- 3.1 This budget strategy is presented within an overall national scene of reduced central government funding and the drive towards greater localism with the associated financial uncertainties that this presents, particularly with regard to the localisation of business rates and council tax reform. The national economic and financial challenges have a significant impact on the budgets of this Council and therefore necessitate an even more robust and managed process of budget setting whilst at the same time allowing Members to have some flexibility built into the process in order to act quickly during the financial year to meet specific service demands in priority areas. This strategy aims to provide a framework that will provide for this robustness of budget setting whilst building in an element of flexibility to ensure that the Council continues to deliver quality services to the communities of Hinckley and Bosworth.
- 3.2 When members set the Council Tax for the forthcoming year, 2013/14, the Deputy Chief Executive (Corporate Direction) and section 151 Officer will have a duty under Part II of the Local Government Act to report on the robustness of the budget and the adequacy of the reserves. Clearly the Deputy Chief Executive (Corporate Direction) and section 151 Officer will have significant responsibilities in delivering a robust budget, particularly in determining the resources available and in making the link between the affordability of spending plans and the implications for council tax over the life of the Medium Term Financial Strategy (MTFS).
- 3.3. The Local Government Finance Settlement is the main source of funding and has a gearing effect with the Council Tax. The Comprehensive Spending Review 2010 identified that funding would reduce by up to 28% over the review period. The allocation for 2013/14 is not yet known but will be impacted by certain changes included in the current consultation on Business Rates. Proposed changes include adjusting allocations to ensure that sparsely populated areas receive compensation for lower levels of Council tax. The final allocation for 2013/14 will not be known until December 2012.

3.4. The key issues that impact on the MTFs and therefore the setting of the 2013/14 budget are:

- Current Financial Position including Working Balances/Level of Reserves
- Local Government Finance Settlement
- Outcomes of consultations on Business Rates Retention
- Outcomes of decisions of pooling of Business Rates
- Implementation of a Local Council Tax Benefit Scheme
- Further advancements in Welfare Reform (ie Universal Credit)
- Availability of government funding including New Homes Bonus
- HRA Budget and the impact of Self Financing and rent convergence
- Transformation of services

3.5 The Council's MTFs includes a number of scenarios for the 2013/14 budget based on the potential financial settlement that the Council will receive. The potential requirement from reserves and balances identified by this process frames the key objective of the 2013/14 and the need to ensure that reserves and balances remain stable in the Medium Term:

	2013/14 Standstill (£)	2013/14 Financial Settlement -5% (£)	2013/14 Financial Settlement -10% (£)
Net Budget Requirement after use of Balances and Reserves	10,640,098	10,371,474	10,102,851
Finance Settlement including New Homes Bonus	6,255,096	5,986,472	5,717,849
Total balance and reserves movement	(519,346)	(787,969)	(1,056,593)
Levels of General Fund Balances	1,831,380	1,562,757	1,294,133
Minimum Level of Balances	1,064,010	1,037,147	1,010,285

#### 2013/2014 Budget Assumptions

3.6 The 2013/14 base budget is to be based on the 2012/13 original budget

3.7 All one-off items in the 2012/13 original budget are to be removed and full year effects of part year reductions in 2012/13 implemented. Any savings or additional income identified as part of the last budget round but not being implemented until 2013/14 must be adjusted for the budget

3.8 The following inflation assumptions will be used in the budget process:

##### 3.8.1 *Employees*

- i) Inflationary Increase – 1%
- ii) National Insurance – apply a rate of 7.1%

- iii) Employers Pension Contributions – An Employers Contribution rate of 18.5% will be used with an additional 1.6% being included for Ill Health retirement insurance. These have been confirmed with the Pension Scheme provider.
- iv) A net salary saving of 4% will be applied as in previous years.

### 3.8.2 *Supplies and Services*

- i) Non Contract – minus 1%
- ii) For contracts it is anticipated that the average rate of RPI will be added to the Council's payments. As such a rate of 3.2% (July 2012) will be applied to 2013/14 contractual costs which is slightly higher than the 3% factored into the MTFS. Where budget holders have knowledge of price rises that differ, adjustments can be made to these budgets to reflect actual price changes

### 3.8.3 *Fees and Charges*

Where an inflationary increase is called for, the RPI rate of 3.2% will be applied.

### 3.8.4 *Growth*

It is highly unlikely that any additional money will be available for growth in 2013/14. Consideration will be given to requests where additional resources are required to cover additional expenditure arising from additional statutory requirements or corporate priorities. Requests will need to be supported by both the relevant SLB and COB members and must be accompanied by an explanation as to why the costs cannot be met from existing resources..

### 3.8.5 *Investment Income*

The Bank of England base rate is currently 0.5%. There is currently little prospect for an upward movement, with some forecasts instead assuming the rate will be decreased in 2013. For prudence, an investment rate of 0.5% will be assumed for 2013/14.

### 3.8.6 *Savings*

Savings in excess of £0.3million have been identified by COB members and will be factored into the 2013/14 budgets.

## 4. **FINANCIAL IMPLICATIONS (KB)**

All implications will be picked up in the Budget process and reflected in the 2013/14 Revenue Budget

## 5. **LEGAL IMPLICATIONS (AB)**

None raised directly by this report.

## 6. **CORPORATE PLAN IMPLICATIONS**

This report supports all aims of the Corporate Plan

## 7. **CONSULTATION**

None

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

<b>Management of significant (Net Red) Risks</b>		
<b>Risk Description</b>	<b>Mitigating actions</b>	<b>Owner</b>
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	That the strategy is applied to produce a balanced budget and demands are matched to resources	S. Kohli

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

The budget process will impact on all areas of the Borough and all groups within the population

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

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Background papers: Medium Term Financial Strategy

Contact Officer: Katherine Bennett (Accountancy Manager)

Executive Member: Cllr K Lynch



## FINANCE, AUDIT AND PERFORMANCE COMMITTEE – OCTOBER 29 2012

### REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION) RE: TREASURY MANAGEMENT TO 30 SEPTEMBER 2012

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#### 1. PURPOSE OF REPORT

To inform the Select Committee of the Council's Treasury Management activity during 2012/13.

#### 2. RECOMMENDATION

That the Select Committee note the report.

#### 3. BACKGROUND TO THE REPORT

At its meeting in February 2012 the Council approved the Council's Treasury Management Policy for the year 2012/13 and delegated the oversight of the execution of the Policy to the Select Committee.

This report sets out the Treasury Management activities for the first half of 2012/13 and shows that they are in line with the limits set out in the Policy.

Treasury Management covers two main areas:-

1. The management of day to day cash flows by way of short term investing and borrowing. Longer term investment opportunities may arise depending on cash flow requirements.
2. Management of the Council's Long term debt portfolio which is used to finance capital expenditure that cannot be immediately funded by internal resources (e.g. by Capital Receipts).

#### Economic Background

In 2012/13 has seen a continuing period of low interest rates. The UK Bank Rate has now been at 0.5% for over 3 years. The Bank of England's quarterly Inflation report in August pushed back the timing of the return to growth. Export markets are set to remain weak and consumer expenditure is set to remain depressed to a focus on paying debt, negative economic sentiment and job fears. This together with continuing uncertainty in the money markets, including the financial stability of banks and other institutions and the Sovereign debt crisis in parts of the Euro Zone has had an impact on Treasury operations and in undermining business confidence in the UK and America. Investment returns remain low and counterparty security paramount.

The current economic situation, with the UK economy in recession and the Chancellor's austerity measures yet to fully impact, has seen UK GDP forecasts reduced in August Bank of England Quarterly Inflation Report. Given this low level of growth it appears unlikely that the Bank Rate will show increase until mid 2015.

The UK's position is largely a result of the Euro Zone difficulties, with their faltering economies hindering our main export market. US economic concerns, which are unlikely to be addressed before the outcome of the US Presidential elections, will see future economic problems arising in 2013. However in September the Federal bank announced a further round of quantitative easing which will focus on growth and job creation. In the UK this weak economy has caused tax receipts to be depressed.

This economic background impacts directly on the availability and choice of investment counterparties. Appropriate credit quality institutions have become more restricted in recent years in terms of numbers of parties available, the amount that can be invested with a single counterparty and the length of time an investment can be made.

In the present climate it is considered to be imprudent to invest for an extended period of time for the following reasons:

1. In a volatile market the financial strength of a counterparty can change quickly and therefore to invest for shorter periods reduces the Council's risk exposure.
2. Longer term interest rates, whilst higher than those for shorter periods, do not compensate the Council for the additional risk..

To invest with better quality counterparties for shorter periods does reduce the Council's exposure to risk and uncertainty but does mean that investment yields are reduced.

#### Investment Activity

The Council's investment strategy primary objectives are safeguarding the repayment of the principal and interest of its investments on time, then ensuring adequate liquidity, with the investment return being the final objective. Following the economic background above, officers are implementing an operational strategy which tightens the controls already in place in the approved investment strategy.

The Council's investment criteria, approved by Council in February 2012 are:-

- **Banks 1 - Good Credit Quality** – the Council will only use banks which:
  - i. Are UK banks; and/or
  - ii. Are non-UK and domiciled in a country which has a minimum Sovereign long term rating of AAA

And have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

- i. **Short Term** – F1
  - ii. **Long Term** – A
  - iii. **Individual / Financial Strength** – C (Fitch / Moody's only)
  - iv. **Support** – 3 (Fitch only)
- **Banks 2 – Guaranteed Banks with suitable Sovereign Support** – In addition, the Council will use banks whose ratings fall below the criteria specified above if all of the following conditions are met:
    - (a) wholesale deposits in the bank are covered by a government guarantee;
    - (b) the government providing the guarantee is rated “AAA” by all three major rating agencies (Fitch, Moody's and Standard & Poors); and
    - (c) the Council's investments with the bank are limited to amounts and maturities within the terms of the stipulated guarantee.
  - **Banks 3 – Eligible Institutions** - the organisation is an Eligible Institution for the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008, with the necessary short and long term ratings required in Banks 1 above. These institutions have been subject to suitability checks before inclusion, and have access to HM Treasury liquidity if needed.
  - **Banks 4** – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
  - **Bank Subsidiary and Treasury Operations** – the Council will use these where the parent bank has the necessary ratings outlined above.
  - **Building Societies** – the Council will use all Societies which:
    - i. meet the ratings for banks outlined aboveOr are both:
    - ii. Eligible Institutions; and
    - iii. Have assets in excess of £500m.
  - **Money Market Funds** – AAA
  - **UK Government** (including gilts and the DMADF)
  - **Local Authorities, Parish Councils etc**
  - **Supranational institutions**

Funds for investment come from the following Sources

- a) Revenue Account Balances held by the Council
- b) Earmarked Reserves and Provisions
- c) Unapplied Capital Receipts

d) Cash flow balances - income received before expenditure needs to be incurred

At 30 Sep 2012 the Council held the following investments totalling £6,659,000

Counterparty	Investment Date	Maturity Date	Amount	Interest Rate
Newcastle BS	03/09/2012	03/10/2012	500,000	0.4800
Nationwide BS	12/09/2012	26/10/2012	1,000,000	0.4200
Principality BS	14/09/2012	15/10/2012	1,650,000	0.4500
Skipton BS	17/09/2012	18/10/2012	1,500,000	0.4000
Hinckley & Rugby BS	19/06/2012	19/10/2012	2,000,000	0.5000
Hsbc Bank	28/09/2012	01/10/2012	9,000	0.3500

Details of all investments held from April 2012 to 30th September 2012 are included in Appendix A attached.

Details of the weighted average investment to September 2012 are shown in the table below together with the average overnight, 7 day and 1 month London Inter Bank Offer Rates (LIBOR) as a bench mark to the rates received by the Council.

Period	Weighted Average invested	Average period (days)	Average Return	Overnight LIBID	7 Day LIBID	1 Month LIBID
April to Sep 2012	3,778,241	7.04 days	0.5544	0.4083	0.4263	0.4855

The figures above show that the Council received a rate of return that is compatible with the returns available in the market.

It also shows that the Weighted average life is within the maximum set of 0.5 years.

Due current economic conditions all new investments are currently limited to one month. It is hoped that the new bond buying and lending arrangements announced by the ECB will calm markets.

### Borrowing Activities

#### *Long term borrowing to finance Capital Expenditure*

Excluding the HRA self financing element the Council has a Capital Financing Requirement of around £15.2m which arises from previous decisions to incur Capital Expenditure that was not financed immediately by internal resources e.g. Capital Receipts or Grants giving rise to the need to borrow to finance the expenditure. This borrowing requirement can either be met by long or short term external borrowing or by internal borrowing i.e. using the cash behind the authority's balances and reserves and foregoing investment income. At the present time the interest payable on long term borrowing is significantly greater

than the returns the Council could expect on its investments and therefore the Council has adopted a policy of being “underborrowed” with only £4.3m of long term loans on its books. Short term loans from the PWLB currently cost 1.5% so if the Council was fully funded with short term money and was receiving investment income of 1% there would be a cost of £76,000 pa. With longer term rates at about 4.5% the additional cost would be £490,500pa. In these circumstances the Council has not undertaken any long term borrowing in the current year and has relied on short term borrowing to meet cash flow needs.

Additionally, as part of the Self Financing HRA Settlement £67.652m has been borrowed from PWLB. Repayment options have been discussed with members and were presented to the Executive on 13<sup>th</sup> March 2012. Repayments for principal amounts for these loans will commence in 7 years time. The loan will be repaid in equal instalments of £2.9414m over 23 yrs.

*Short term borrowing to cover cash flow shortfalls.*

Some short term borrowing took place to cover temporary cash flow shortfalls. The movements are as follows:-

Amount outstanding at 1 April 2012	£2,600,000
Plus Total Amount borrowed to Sep 2012	£4,040,000
Less Total Amount repaid in year	£6,640,000
Amount outstanding at 30 Sep 2012	Nil

The average amount borrowed was	£82,795
Average period of loans	3 Days
Number of occasions	4
Average rate of interest paid	0.5037%

All borrowing was conducted with the Operational Limit set by the Council.

#### 4. **Prudential Borrowing The Current Capital Position**

The impact of carry forward of budgets from the previous financial year is summarised below.

Capital expenditure	Original 2012/13 Estimate	11/12 carry forward	Revised 2012/13 Estimate
NON HRA	3,477	971	4,448
HRA	2,123	266	2,389
HRA Settlement			0
<b>Total</b>	<b>5,600</b>	1237	<b>6,837</b>
<b>Financed by:</b>			0
Capital receipts	1,569	650	2,219
Capital grants	265	51	316
Capital Reserves	0	130	130
Revenue	2,052		2,052

Net Financing need for the year	1,714	406	2,120
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The change in the capital financing requirement (the amount of capital expenditure funded through debt) is given below.

	2012/13 Estimate
<b>Capital financing Requirement</b>	
CFR- Non Housing	16,385
CFR - Housing	68,053
<b>Total CFR</b>	<b>84,438</b>
<b>Movement in CFR</b>	<b>-793</b>

The authorised limit for borrowing for the year is £84.667m. The current forecasted is still below this limit by £0.339m.

5. **FINANCIAL IMPLICATIONS (IB)**

Any losses resulting from a further tightening of our investment strategy will be reported within the Outturn position.

5. **LEGAL IMPLICATIONS (AB)**

There are no legal implications arising directly from this report.

6. **CORPORATE PLAN IMPLICATIONS**

This report supports the following Corporate Aims

- Thriving Economy

7. **CONSULTATION**

None

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

<b>Management of significant (Net Red) Risks</b>		
<b>Risk Description</b>	<b>Mitigating actions</b>	<b>Owner</b>
Loss of investments due to failure of Counterparty	Ensure Counterparty is financially secure prior to lending by confining activity to institutions on a list of approved institutions based on credit ratings.	I Bham
	Ensure that lending is for appropriate periods and amounts as per Counterparty list	I Bham

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

Treasury management activities support all activities of the Borough Council and therefore impact on all areas of and communities within the Borough

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector implications

Background papers: Investment and borrowing records

Contact Officer: Ilyas Bham, Group Accountant ext 5924

Executive Member: Cllr Keith Lynch

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**Appendix A**

**TEMPORARY INVESTMENTS 2012 - 2013 TO SEPTEMBER**

DATE	BROKER	RATE	%	AMOUNT	£	BORROWER	NO	DAYS	INTEREST	DATE	OUTSTANDING
									2012/13	REPAID	INVESTMENT
25/08/11	Direct	1.5000		2,000,000		Hinckley & Rugby		52	4,273.97		23/05/12
01/02/12	Sterling	1.0000		500,000		NewCastle BS		30	410.96		01/05/12
02/04/12	Sterling	0.3500		724,000		NewCastle BS		1	6.94		3/4/12
02/04/12	Prebon	0.4000		1,650,000		Skipton BS		10	180.82		12/4/12
03/04/12	Sterling	0.3500		504,000		NewCastle BS		2	9.67		5/4/12
05/04/12	Sterling	0.3500		813,000		NewCastle BS		5	38.98		10/4/12
10/04/12	Hsbc	0.2500		293,000		Hsbc Money Mkt		1	2.01		11/4/12
11/04/12	Hsbc	0.2500		486,000		Hsbc Money Mkt		1	3.33		12/4/12
12/04/12	Sterling	0.3500		520,000		NewCastle BS		1	4.99		13/4/12
12/04/12	Sterling	0.4000		1,000,000		Coventry BS		11	120.55		23/4/12
13/04/12	Hsbc	0.2500		388,000		Hsbc Money Mkt		3	7.97		16/4/12
16/04/12	Hsbc	0.3500		1,857,000		Hsbc Money Mkt		1	17.81		17/4/12
16/04/12	Sterling	0.4000		1,500,000		NewCastle BS		7	115.07		23/4/12
17/04/12	Hsbc	0.3500		807,000		Hsbc Money Mkt		2	15.48		19/4/12
17/04/12	Sterling	0.4000		1,000,000		Coventry BS		3	32.88		20/4/12
18/04/12	Hsbc	0.3500		278,000		Hsbc Money Mkt		1	2.67		19/4/12
19/04/12	Hsbc	0.3500		445,000		Hsbc Money Mkt		1	4.27		20/4/12
20/04/12	Hsbc	0.3500		1,022,000		Hsbc Money Mkt		3	29.40		23/4/12
23/04/12	Hsbc	0.3500		1,462,000		Hsbc Money Mkt		1	14.02		24/4/12
24/04/12	Hsbc	0.3500		709,000.00		Hsbc Call Account		1	6.80		25/04/12
25/04/12	Hsbc	0.3500		309,000.00		Hsbc Call Account		2	5.93		27/04/12
27/04/12	Hsbc	0.3500		120,000.00		Hsbc Call Account		3	3.45		30/04/12
30/04/12	Hsbc	0.3500		971,000.00		Hsbc Call Account		1	9.31		01/05/12
01/05/12	Hsbc	0.3500		271,000.00		Hsbc Call Account		1	2.60		02/05/12
01/05/12	Sterling	0.4000		1,274,000		Coventry BS		2	27.92		3/5/12
01/05/12	Sterling	0.5500		500,000		NewCastle BS		28	210.96		29/05/12
01/05/12	Sterling	0.6200		1,000,000		West Brom BS		28	475.62		29/5/12
02/05/12	Hsbc	0.3500		457,000.00		Hsbc Call Account		1	4.38		03/05/12
03/05/12	Hsbc	0.3500		845,000.00		Hsbc Call Account		1	8.10		04/05/12
04/05/12	Hsbc	0.3500		684,000.00		Hsbc Call Account		4	26.24		08/05/12
08/05/12	Hsbc	0.3500		954,000.00		Hsbc Call Account		2	18.30		10/05/12
10/05/12	Hsbc	0.3500		1,138,000.00		Hsbc Call Account		1	10.91		11/05/12
11/05/12	Hsbc	0.3500		1,087,000.00		Hsbc Call Account		3	31.27		14/05/12
14/05/12	Hsbc	0.3500		1,179,000.00		Hsbc Call Account		2	22.61		16/05/12
15/05/12	Sterling	0.4000		1,000,000		Coventry BS		7	76.71		22/5/12
15/05/12	Sterling	0.4000		1,000,000		Coventry BS		10	109.59		25/5/12
15/05/12	Sterling	0.4500		1,190,000		NewCastle BS		14	205.40		29/5/12
16/05/12	Hsbc	0.3500		1,358,000.00		Hsbc Call Account		1	13.02		17/05/12
17/05/12	Hsbc	0.3500		1,428,000.00		Hsbc Call Account		1	13.69		18/05/12
18/05/12	Hsbc	0.3500		1,000,000.00		Hsbc Call Account		3	28.77		21/05/12
21/05/12	Hsbc	0.3500		1,148,000.00		Hsbc Call Account		1	11.01		22/05/12
22/05/12	Hsbc	0.3500		900,000.00		Hsbc Call Account		1	8.63		23/05/12
23/05/12	Hsbc	0.3500		976,000.00		Hsbc Call Account		1	9.36		24/05/12
23/05/12	Direct	0.6800		2,000,000		Hsbc Call Account		30	1,117.81		22/06/12
24/05/12	Hsbc	0.3500		1,059,000.00		Hsbc Call Account		1	10.15		29/05/12
28/05/12	Sterling	0.4000		1,010,000		Coventry BS		1	11.07		29/5/12
29/05/12	Hsbc	0.3500		1,312,000.00		Hsbc Call Account		4	50.32		30/05/12
29/05/12	Sterling	0.6000		500,000		NewCastle BS		31	254.79		29/6/12
30/05/12	Hsbc	0.3500		329,000.00		Hsbc Call Account		1	3.15		31/05/12
31/05/12	Hsbc	0.3500		512,000.00		Hsbc Call Account		1	4.91		01/06/12
01/06/12	Sterling	0.4000		2,000,000		Coventry BS		5	109.59		6/6/12
01/06/12	Hsbc	0.3500		635,000.00		Hsbc Call Account		1	6.09		06/06/12
01/06/12	Sterling	0.6000		1,500,000		Principality BS		31	764.38		02/07/12
06/06/12	Sterling	0.4000		1,891,000		Coventry BS		1	20.72		7/6/12
06/06/12	Hsbc	0.3500		858,000.00		Hsbc Call Account		5	41.14		08/06/12
06/06/12	Sterling	0.5500		500,000		NewCastle BS		30	226.03		06/07/12
07/06/12	Sterling	0.4000		992,000		Coventry BS		1	10.87		8/6/12
08/06/12	Hsbc	0.3500		558,000.00		Hsbc Call Account		2	10.70		12/06/12
12/06/12	Hsbc	0.3500		1,591,000.00		Hsbc Call Account		4	61.02		15/06/12
15/06/12	Hsbc	0.3500		1,491,000.00		Hsbc Call Account		3	42.89		18/06/12
15/06/12	Sterling	0.3500		1,615,000		Skipton BS		4	61.95		19/6/12
15/06/12	Sterling	0.4000		1,000,000		Nationwide		31	339.73		16/7/12
15/06/12	Sterling	0.5400		1,000,000		Coventry BS		31	458.63		16/7/12
18/06/12	Hsbc	0.3500		791,000.00		Hsbc Call Account		3	22.75		19/06/12
19/06/12	Hsbc	0.3500		864,000.00		Hsbc Call Account		1	8.28		20/06/12
20/06/12	Hsbc	0.3500		771,000.00		Hsbc Call Account		1	7.39		21/06/12
21/06/12	Hsbc	0.3500		896,000.00		Hsbc Call Account		1	8.59		22/06/12
22/06/12	Hsbc	0.3500		955,000.00		Hsbc Call Account		1	9.16		25/06/12
22/06/12	Direct	0.6000		2,000,000		Hinckley & Rugby		28	920.55		20/07/12
25/06/12	Hsbc	0.3500		576,000.00		Hsbc Call Account		3	16.57		26/06/12
26/06/12	Hsbc	0.3500		63,000.00		Hsbc Call Account		1	0.60		27/06/12
27/06/12	Hsbc	0.3500		20,000.00		Hsbc Call Account		1	0.19		28/06/12
28/06/12	Hsbc	0.3500		144,000.00		Hsbc Call Account		1	1.38		28/06/12
28/06/12	Hsbc	0.3500		909,000.00		Hsbc Call Account		1	8.72		29/06/12
29/06/12	Hsbc	0.3500		989,000		Hsbc Call Account		3	28.45		02/07/12
02/07/12	Sterling	0.3500		1,500,000		Principality BS		1	14.38		3/7/12
02/07/12	Hsbc	0.3500		3,328,000		Hsbc Call Account		1	31.91		03/07/12
02/07/12	Sterling	0.4000		1,000,000		Coventry BS		3	32.88		5/7/12
02/07/12	Sterling	0.3000		1,000,000		Skipton BS		3	24.66		5/7/12
02/07/12	Sterling	0.5800		500,000		NewCastle BS		31	246.30		02/08/12

DATE	BROKER	RATE %	AMOUNT £	BORROWER	NO DAYS	INTEREST 2012/13	DATE REPAID	OUTSTANDING INVESTMENT
03/07/12	Hsbc	0.3500	4,824,000	Hsbc Call Account	1	46.26	04/07/12	
04/07/12	Hsbc	0.3500	3,968,000	Hsbc Call Account	1	38.05	05/07/12	
05/07/12	Hsbc	0.3500	1,162,000	Hsbc Call Account	1	11.14	06/07/12	
06/07/12	Hsbc	0.3500	1,117,000	Hsbc Call Account	3	32.13	09/07/12	
06/07/12	Sterling	0.5500	500,000	Hsbc Call Account	31	233.56	6/8/12	
09/07/12	Hsbc	0.3500	1,200,000	Hsbc Call Account	1	11.51	10/07/12	
10/07/12	Hsbc	0.3500	1,254,000	Hsbc Call Account	1	12.02	11/07/12	
11/07/12	Hsbc	0.3500	1,526,000	Hsbc Call Account	1	14.63	12/07/12	
12/07/12	Hsbc	0.3500	1,603,000	Hsbc Call Account	1	15.37	13/07/12	
13/07/12	Hsbc	0.3500	975,000	Hsbc Call Account	3	28.05	16/07/12	
16/07/12	Hsbc	0.3500	2,375,000	Hsbc Call Account	1	22.77	17/07/12	
16/07/12	Sterling	0.5000	1,650,000	Principality BS	31	700.68	16/08/12	
16/07/12	Sterling	0.4700	1,800,000	Coventry BS	31	718.52	16/8/12	
17/07/12	Hsbc	0.3500	2,206,000	Hsbc Call Account	1	21.15	18/07/12	
18/07/12	Hsbc	0.3500	2,285,000	Hsbc Call Account	1	21.91	19/07/12	
19/07/12	Hsbc	0.3500	1,174,000	Hsbc Call Account	1	11.26	20/07/12	
20/07/12	Hsbc	0.3500	712,000	Hsbc Call Account	3	20.48	23/07/12	
20/07/12	Direct	0.5000	2,000,000	Hinckley & Rugby	31	849.32	20/08/12	
23/07/12	Hsbc	0.3500	760,000	Hsbc Call Account	1	7.29	24/07/12	
24/07/12	Hsbc	0.3500	657,000	Hsbc Call Account	1	6.30	25/07/12	
25/07/12	Hsbc	0.3500	155,000	Hsbc Call Account	2	2.97	27/07/12	
27/07/12	Hsbc	0.3500	190,000	Hsbc Call Account	3	5.47	30/07/12	
30/07/12	Hsbc	0.3500	996,000	Hsbc Call Account	1	9.55	31/07/12	
31/07/12	Hsbc	0.3500	451,000	Hsbc Call Account	1	4.32	01/08/12	
01/08/12	Hsbc	0.3500	2,185,000	Hsbc Call Account	1	20.95	02/08/12	
01/08/12	Sterling	0.4000	2,000,000	Skipton BS	8	175.34	9/8/12	
01/08/12	Sterling	0.4000	1,000,000	NewCastle BS	8	87.67	9/8/12	
02/08/12	Hsbc	0.3500	1,099,000	Hsbc Call Account	1	10.54	03/08/12	
02/08/12	Sterling	0.5800	500,000	NewCastle BS	32	254.25	3/9/12	
03/08/12	Hsbc	0.3500	1,146,000	Hsbc Call Account	3	32.97	06/08/12	
06/08/12	Hsbc	0.3500	1,912,000	Hsbc Call Account	1	18.33	07/08/12	
07/08/12	Hsbc	0.3500	1,925,000	Hsbc Call Account	1	18.46	08/08/12	
08/08/12	Hsbc	0.3500	2,067,000	Hsbc Call Account	1	19.82	09/08/12	
09/08/12	Hsbc	0.3500	307,000	Hsbc Call Account	1	2.94	10/08/12	
10/08/12	Hsbc	0.3500	340,000	Hsbc Call Account	3	9.78	13/08/12	
13/08/12	Hsbc	0.3500	653,000	Hsbc Call Account	1	6.26	14/08/12	
14/08/12	Hsbc	0.3500	645,000	Hsbc Call Account	1	6.18	15/08/12	
15/08/12	Hsbc	0.3500	1,516,000	Hsbc Call Account	1	14.54	16/08/12	
15/08/12	Sterling	0.4000	2,000,000	Skipton BS	30	657.53	14/9/12	
16/08/12	Hsbc	0.3500	1,868,000	Hsbc Call Account	1	17.91	17/08/12	
16/08/12	Sterling	0.4000	1,000,000	Coventry BS	12	131.51	28/08/12	
16/08/12	Sterling	0.4600	1,650,000	Coventry BS	29	603.04	14/09/12	
17/08/12	Hsbc	0.3500	1,769,000	Hsbc Call Account	4	67.85	21/08/12	
20/08/12	Direct	0.5000	2,000,000	Hinckley & Rugby	30	821.92	19/09/12	
21/08/12	Hsbc	0.3500	1,669,000	Hsbc Call Account	1	16.00	22/08/12	
22/08/12	Hsbc	0.3500	679,000	Hsbc Call Account	2	13.02	24/08/12	
24/08/12	Hsbc	0.3500	79,000	Hsbc Call Account	4	3.03	28/08/12	
28/08/12	Hsbc	0.3500	765,000	Hsbc Call Account	1	7.34	29/08/12	
28/08/12	Sterling	0.4000	1,000,000	Coventry BS	17	186.30	14/9/12	
29/08/12	Hsbc	0.3500	130,000	Hsbc Call Account	1	1.25	30/08/12	
30/08/12	Hsbc	0.3500	371,000	Hsbc Call Account	1	3.56	31/08/12	
31/08/12	Hsbc	0.3500	286,000	Hsbc Call Account	3	8.23	03/09/12	
03/09/12	Hsbc	0.3500	2,677,000	Hsbc Call Account	1	25.67	04/09/12	
03/09/12	Sterling	0.4300	1,500,000	NewCastle BS	11	194.38	14/9/12	
03/09/12	Sterling	0.4000	1,000,000	Coventry BS	11	120.55	14/9/12	
03/09/12	Sterling	0.4800	500,000	NewCastle BS	30	197.26		500,000
04/09/12	Hsbc	0.3500	1,675,000	Hsbc Call Account	1	16.06	05/09/12	
05/09/12	Hsbc	0.3500	1,956,000	Hsbc Call Account	1	18.76	06/09/12	
06/09/12	Hsbc	0.3500	2,014,000	Hsbc Call Account	1	19.31	07/09/12	
07/09/12	Hsbc	0.3500	915,000	Hsbc Call Account	3	26.32	10/09/12	
10/09/12	Hsbc	0.3500	1,005,000	Hsbc Call Account	1	9.64	11/09/12	
11/09/12	Hsbc	0.3500	970,000	Hsbc Call Account	1	9.30	12/09/12	
12/09/12	Hsbc	0.3500	392,000	Hsbc Call Account	1	3.76	13/09/12	
12/09/12	Sterling	0.4200	1,000,000	Nationwide BS	44	506.30		1,000,000
13/09/12	Hsbc	0.3500	457,000	Hsbc Call Account	1	4.38	14/09/12	
14/09/12	Hsbc	0.3500	1,019,000	Hsbc Call Account	3	29.31	17/09/12	
14/09/12	Sterling	0.4500	1,650,000	Principality BS	31	630.62		1,650,000
17/09/12	Hsbc	0.3500	1,095,000	Hsbc Call Account	1	10.50	18/09/12	
17/09/12	Sterling	0.3500	1,300,000	Coventry BS	2	24.93	19/9/12	
17/09/12	Sterling	0.4000	1,500,000	Skipton BS	31	509.59		1,500,000
18/09/12	Hsbc	0.3500	1,114,000	Hsbc Call Account	1	10.68	19/9/12	
19/09/12	Hsbc	0.3500	1,490,000	Hsbc Call Account	1	14.29	19/9/12	
19/09/12	Direct	0.5000	2,000,000	Hinckley & Rugby	30	821.92		2,000,000
20/09/12	Hsbc	0.3500	1,328,000	Hsbc Call Account	1	12.73	21/9/12	
21/09/12	Hsbc	0.3500	1,090,000	Hsbc Call Account	3	31.36	24/9/12	
24/09/12	Hsbc	0.3500	1,105,000	Hsbc Call Account	1	10.60	25/9/12	
25/09/12	Hsbc	0.3500	113,000	Hsbc Call Account	1	1.08	26/9/12	
26/09/12	Hsbc	0.3500	199,000	Hsbc Call Account	1	1.91	27/9/12	
27/09/12	Hsbc	0.3500	379,000	Hsbc Call Account	1	3.63	28/9/12	
28/09/12	Hsbc	0.3500	9,000	Hsbc Call Account	3	0.26		9,000
			<b>176,959,000</b>			<b>20,947.43</b>		<b>6,659,000</b>

**FINANCE, AUDIT AND PERFORMANCE COMMITTEE – 29 OCTOBER 2012**  
**REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)**  
**RE: STOCK VALIDATION EXERCISE UPDATE**

1. **PURPOSE OF REPORT**

To inform members of the outcome of the Council's stock validation exercise.

2. **RECOMMENDATION**

That the Committee note the results from the Council's stock validation exercise.

3. **BACKGROUND TO THE REPORT**

3.1 Under the previous system of housing finance, the Council were required to complete a Housing Revenue Account Base Data Return to inform the payment of housing subsidy. In 2011/12 the Council's External Auditors (PricewaterhouseCoopers LLP) qualified this return due to issues with the accuracy of stock information (e.g. bedroom numbers of archetype) held by the Council. The data recorded on the Council's Orchard system could not be verified to supporting documentation and as such, the auditors were unable to provide assurance on its accuracy. This qualification was reported to the DCLG who requested that this data be collected.

3.2 In response to this issue, the Council set up a dedicated project team to organise the collation of stock data. A full verification process was commissioned in June 2012 to obtain updated data on all housing stock. The Council developed a methodology for the collection of the data and shared this with PricewaterhouseCoopers LLP so that they could gain sufficient assurance for their audit of the accounts.

3.3 As part of the validation process, each property was visited by an officer and a form completed to indicate both the number of bedrooms and archetype (e.g. semi detached) of the premises. In addition, measurements were taken of all rooms. All data has been retained and collated in a central spreadsheet to allow any differences to be examined.

3.4 The outcomes of the validation exercise have been detailed below. Of the Council's 3,427 properties, officers were able to enter 2,831 (82.6%). In the remaining cases, the property was visited 3 times for inspection but entry was refused/not possible. Of those properties surveyed, incorrect information was held in 147 cases (5.19%).

<b>Archetype</b>	<b>Properties</b>	<b>Completed surveys</b>	<b>Discrepancies Detected</b>	<b>No entry</b>
Bungalow	592	566	40	26
Ground Floor Flat	390	311	9	79
Bedsit	6	6	-	-
House	1,678	1,378	79	300
Licensed Homeless	40	39	-	1
Upper Floor Flat	352	253	12	99
Warden Assisted	369	278	7	91
	<b>3,427</b>	<b>2,831</b>	<b>147</b>	<b>596</b>

	%
% of properties that could not be entered	17.39%
Error rate based on surveyed properties	5.19%
Error rate based on total properties	4.29%

3.5 As noted in 3.4 above, incorrect information was held for 147 of the properties entered. The nature of these differences has been summarised below. In over half of the cases, incorrect information was held on the number of bedrooms. The majority these related to houses where the properties had more bedrooms than recorded. This could be because partitions had been set up by tenants.

Archetype	Properties	Completed surveys	Discrepancies Detected (properties)	Discrepancies archetype	Discrepancies bedroom numbers	Number of properties with 1+ error
Bungalow	592	566	40	28	13	1
Ground Floor Flat	390	311	9	7	5	3
Bedsit	6	6	-	-	-	-
House	1,678	1,378	79	17	64	2
Licensed Homeless	40	39	-	-	-	-
Upper Floor Flat	352	253	12	4	8	-
Warden Assisted	369	278	7	7	2	2
	<b>3,427</b>	<b>2,831</b>	<b>147</b>	<b>63</b>	<b>92</b>	<b>8</b>

3.6 Where the Council attempted to gain access to the properties 3 times with no success, the results of properties with a similar archetype have been extrapolated to provide an indication of the error rate for the entire population. This process is to be concluded by the end of October but at the time of writing this report, 404 properties have been considered using this method. A total of 85 errors have been identified using this process, increasing the total error rate to 7.17%

3.7 The discrepancies identified through the validation process may have an impact on the value of the properties disclosed in the Council's Statement of Accounts. In order to provide comfort to the Council's External Auditors that this difference was is not material, a list of discrepancies was communicated to the Council's external valuers in September 2012. At this point, 221 exceptions had been identified and the valuer estimated this would increase the value of these properties by £125,000. On the basis that the total value of Council stock held by the Council is in excess of £105 million, this was not deemed material.

3.8 The results of this exercise and any changes identified to the valuation would not impact the level of Council Tax due from the property as the valuation of the property is only reconsidered by the Valuation Office (VO) at the point of sale.

3.9 The Council has contacted the DCLG to inform them that the stock validation exercise has been completed. Members will be updated on any response that is received. The complete stock data is to be transferred to both the housing management (Orchard) and Fixed Asset (CIPFA) systems and a protocol agreed on how the accuracy of this data is to be maintained going forward. The complete data will be communicated to the Council's external valuer for use in the valuation exercise for 2012/13.

4. **FINANCIAL IMPLICATIONS (KB)**

Financial implication of the process, in relation to the value of property have been included in the main body of this report. A supplementary budget for £33k was approved by Council in September 2012 to set up a budget for the costs associated with this exercise.

5. **LEGAL IMPLICATIONS (AB)**

None raised directly by this report

6. **CORPORATE PLAN IMPLICATIONS**

This report supports all aims of the Corporate Plan

7. **CONSULTATION**

None

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

<b>Management of significant (Net Red) Risks</b>		
<b>Risk Description</b>	<b>Mitigating actions</b>	<b>Owner</b>
None	None	None

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

No direct impact

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

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Background papers: Stock validation sheets  
Communication from DCLG  
External Audit reports

Contact Officer: Katherine Bennett (Accountancy Manager)

Executive Member: Cllr K Lynch

# Agenda Item 11

FAP work programme 2012/13

Date of Meeting	Reports to be considered
29 October 2012	Audit Block Report (CW Audit) Annual Audit Letter/ISA260 updates (PwC) 2 <sup>nd</sup> Quarter Treasury Management Report Protocol Internal/External Audit Budget Strategy 13/14 Update on Stock Valuation Financial Update – Deputy Chief Executive
10 December 2012	Audit Block Report (CW Audit) Capital programme 2012/13 to 2015/16 2 <sup>nd</sup> Quarter Budget Monitoring Performance Management Frame work Tracking Software Half yearly Prudential Indicators Financial Update – Deputy Chief Executive
21 January 2013	Audit Block Report (CWAudit) Budget proposals 2013/14 (General Fund and HRA) Capital Programme 2012/13 to 2015/16 Prudential Indicators and Treasury Policy report 2012/13 to 2015/16 Annual External Audit Plan 2012/13 (PwC) MTFS 2012/13 to 2015/16 Financial Update – Deputy Chief Executive
4 March 2013	Audit Block Report (CW Audit) 3 <sup>rd</sup> Quarter Budget Monitoring 3 <sup>rd</sup> Quarter Treasury Management Report Performance Management Frame work Tracking Software Internal Audit Plan 2013/14 (CW Audit) Grant Certification Report (PwC) Financial Update – Deputy Chief Executive
15 April 2013	Internal Audit Annual Report 2012/13 (CW Audit) Financial Update – Deputy Chief Executive

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