
EXTERNAL AUDITOR REPORT UPDATES FOR 2014/15

1 INTRODUCTION

- 1..1 Recommendations from the Council's External Auditors and other inspectors are monitored by Internal Audit for progress of implementation and their review falls within the discretion of this Committee.

2 FINAL REPORT TO THE AUDIT COMMITTEE

- 2..1 This report draws Members' attention to the findings, recommendations and management response arising from the Final Audit Report for the year ended 31 March 2015 to the Audit Committee. This report was presented to this Committee by BDO, the Council's external auditor, on 23 September 2015.
- 2..2 For outstanding recommendations, management response and progress to date have been included as Appendix 1.

3 RECOMMENDATION

- 4.1 It is proposed that the Committee **RESOLVES**

That the updates provided in the monitoring sheet on external auditor recommendations arising from the Final Audit Report to the Audit Committee, for the year ended 31 March 2015 be noted.



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Background Papers:-

None.

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BDO RECOMMENDATIONS ARISING FROM FINAL REPORT TO THE AUDIT COMMITTEE 2014/15

APPENDIX1

CONCLUSIONS FROM WORK	RECOMMENDATIONS	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
FINANCIAL STATEMENTS				
<p>Collection fund accounting The Council are currently recognising a liability in respect of national non-domestic arrangements in place prior to 1 April 2013. Our expectation is that this liability should now have been settled. We have also identified that the Council have not adequately updated their working paper templates to reflect current arrangements for accounting for non-domestic rates.</p>	<p>1 – Determine whether or not the liability in respect of pre-1 April 2013 national non-domestic rate arrangements should continue to be recognised by discussion with central government.</p>	<p>Agreed Update February 2016 Wrote to DCLG for verification of balances. There was no response to date. This will be further investigated as part of 2015/16 closedown.</p>	<p>Principal Accountant</p>	<p>February 2016 Implemented</p>
GOVERNANCE REPORTING				
<p>Financial Statement Preparation The statutory deadline for providing auditors with a copy of the draft financial statements authorised for issue is 30 June following the end of the financial year to which those statements relate. The Council missed this deadline in 2014/15. The statements included an incomplete cash flow statement and draft versions of some notes. There were also a number of formatting issues.</p>	<p>5 – Implement processes, supported by adequate capacity in the accountancy team, to ensure that the Council is able to prepare a robust set of draft financial statements by the earlier deadlines due to take effect for the 2017/18 financial year.</p>	<p>Management are aware of the challenges associated to the accelerated timescale and intend to establish a cross service working group to consider the implications, training and processes that will need to be in place or improved to facilitate a timely submission.</p>	<p>Section 151 Officer</p>	<p>February 2016 Implemented</p>

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FINANCIAL STATEMENTS				
		<p>An action plan will be developed and progressed rigorously monitored.</p> <p>Update November 2015 The initiation of the working group will take place in December 2015</p> <p>Update February 2016 The working group has met and a revised timetable has been produced in draft, which looks to reduce the overall submission time by 4-5 weeks.</p> <p>The working group will also be tying up with the Financial Accounting team in Essex County Council to guarantee the robustness of the statements this year.</p>		

USE OF RESOURCES				
<p>Contract Monitoring We reviewed a sample of contracts in place during 2014/15. We identified areas for improvement in relation to contract management.</p>	<p>6 – Develop robust contract monitoring procedures which are to be used on all contracts awarded by the Council. These procedures should include a requirement to ensure that appropriate measures of performance are identified and monitored during the life of the contract.</p> <p>Ensure senior officers more pro-actively monitor the application of contract monitoring procedures and ensure that appropriate documentation is maintained and retained.</p> <p>Seek assurance that contract monitoring procedures are being consistently applied. This may take the form of a focused piece of Internal Audit work.</p>	<p>Management recognise the importance and benefits of effective contract management and have started to realign or commission resources which will work collaboratively to enhance this function.</p> <p>Processes as recommended will be enhanced and risk based methodology applied.</p> <p>Update January 2016 A revision to the Council’s Contract Procedure Rules, together with a supporting Sustainable Commissioning & Procurement Strategy 2015-2020, was approved by full Council on 15 December 2015</p>	<p>Section 151 Officer</p>	<p>March 2016</p>

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FINANCIAL STATEMENTS				
		<p>A Working Group comprising relevant AD s and Performance & Risk Officers will be formed to ensure compliance with the Council’s Contract Monitoring Procedure rules. This process will be assured by periodic Internal Audit reviews.</p>		