

EXTERNAL AUDITOR REPORT UPDATES FOR 2013/14**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 ANNUAL GOVERNANCE REPORT 2013/14

- 2..1 This report draws Members' attention to the findings and recommendations arising from the Annual Governance Report 2013/14. This report was presented to this Committee by BDO, the Council's external auditor, on 18 September 2014.
- 2..2 The outstanding recommendation, management responses and progress to date has been included as Appendix 1

3 RECOMMENDATION

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

- (1) That the monitoring sheet for the BDO recommendations arising from the Annual Governance Report 2013/14 be agreed



Yvonne Woodward

Head of Finance

Background Papers:-

None.

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If you would like this report in large print, Braille or another language please contact 01702 318111.

BDO RECOMMENDATIONS ARISING FROM ANNUAL GOVERNANCE REPORT 2013/14

APPENDIX1

FINANCIAL STATEMENT RECOMMENDATION				
Conclusions From Work	Recommendations	Management Response	Owner	Timing
<p>Identification of possible impairments Our review of the year-end report provided by the Council's valuers identified that no consideration had been given to the impact of flooding on the South Street depot site</p>	<p>In conjunction with the external valuer, develop a formal process for the identification and review of assets which are potentially impaired, including the communication of such matters to the valuer.</p>	<p>Discussed with external valuer and agreed to include any identified assets that had been impaired for revaluation during the annual exercise, even though it's not due for a revaluation on a five year rolling basis.</p>	<p>Assistant Director Resources</p>	<p>March 2015 Completed</p>
<p>Valuation of similar assets Our review of revaluations identified that an alternative methodology for calculating existing use value of fee charging car parks had not been applied to all such car parks owned by the Council</p>	<p>Where changes in valuation methodology are agreed with the valuer, consider the implications for all similar assets</p>	<p>We now request revaluation of all assets within the class where the valuation methodology has changed.</p>	<p>Assistant Director Resources</p>	<p>March 2015 Completed</p>

FINANCIAL STATEMENT RECOMMENDATION				
Conclusions From Work	Recommendations	Management Response	Owner	Timing
<p>Related party transactions Our testing of related party disclosures in the statement of accounts identified one related party transaction which had not been included in the relevant note in the statement of accounts</p>	<p>Provide individuals who are required to make declarations regarding related parties with clear instructions on what may constitute a related party.</p> <p>Review current year disclosures against those made in prior years and other sources of information (such as the register of interests) to identify any potential omissions</p>	<p>Measures have been put in place as per recommendations to cross check for completeness between various sources of information. Also reviewed instructions being sent out for clarity of what is required .</p>	<p>Assistant Director Resources</p>	<p>March 2015</p> <p>Completed</p>
<p>Marketplace accruals Our testing of a sample of Marketplace accruals identified a duplicated order which should not have been accrued</p>	<p>Complete a detailed review of Marketplace accruals as part of the accounts production process to identify orders which have been double counted</p>	<p>Agreed</p>	<p>Assistant Director Resources</p>	<p>May 2015</p>

FINANCIAL STATEMENT RECOMMENDATION				
Conclusions From Work	Recommendations	Management Response	Owner	Timing
<p>Actuarial Engagement Letter There is no direct engagement letter between the Council and management's expert, the actuary. The engagement letter is between Essex County Council and Barnett Waddingham. As the Council places reliance on the information provided an agreement should be in place</p>	<p>Liaise with the Pension Fund and the actuary to agree formal terms of engagement recognising the extent to which management place reliance on the information provided by the actuary</p>	<p>Requirement reviewed and discussed with Essex Pension Fund. Pension Fund will make arrangements to provide the required letter of engagement from Financial Year 2015/16.</p>	<p>Assistant Director Resources</p>	<p>February 2015 Completed</p>