

EXTERNAL AUDITOR REPORT UPDATES FOR 2012/13

1 INTRODUCTION

- 1.1 Recommendations from the Council's external auditor 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 2012/13

- 2.1 This report draws Members' attention to the recommendations arising from the Annual Governance Report 2012/13. This report was presented to this Committee by BDO, the Council's external auditor, on 24 September 2013.
- 2.2 At the Audit Committee of 10 December 2013 Members requested an update relating to the Internal Control recommendation be provided at the next Audit Committee.
- 2.3 The outstanding recommendations, management responses and progress to date have been included as appendix 1.

3 RECOMMENDATION

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

That the monitoring sheet for the BDO recommendations arising from the Annual Governance Report 2012/13 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 2012/13

APPENDIX1

FINANCIAL STATEMENT RECOMMENDATION				
Conclusions From Work	Recommendations	Management Response	Owner	Timing
Our testing has identified that the Marketplace log used to calculate accruals at the year end is not fully complete or accurate, leading to errors within the financial statements. This log is reliant on departments within the Council providing accurate information	Sample test the information provided by the various departments for inclusion in the Marketplace log prior to calculating the estimate of accruals to be included in the financial statements	Accepted Management Update 26/2/14 – additional controls have been introduced to limit the risk of orders and receipt of goods/services overlapping the two financial years. Orders will not be raised between 14 March and 1 April unless they are business critical.	Senior Accountant	May 2014

INTERNAL CONTROL RECOMMENDATION				
Conclusions From Work	Recommendations	Management Response	Responsibility	Status
<p>Following a reorganisation with the Payments & Income Team, all members of the team are able to raise invoices and post receipts. The absence of a segregation of duties increases the risk of fraud</p>	<p>Ensure individuals within the Payments & Income Team are not able to both raise sales invoices and post receipts OR introduce additional safeguards</p>	<p>The size of the team and the requirement to ensure adequate cover for all functions means that strict segregation of duties is no longer practical. Alternative controls will be put in place which will be reviewed by Internal Audit. Due November 2013</p> <p>Management Update 19/11/13 Additional management checks in respect of invoice raising and internal transfers have been introduced. Effectiveness of these will be reviewed at end of financial year. <i>(Update requested by Audit Committee 10 December 2013)</i></p> <p>Update 26/2/14 (Internal Audit) Although audits not yet completed for Creditors & Debtors a brief review of the controls introduced was carried out in February 2014.</p> <ul style="list-style-type: none"> • Debtors: sample check to ensure that requests for invoices originate from service areas outside of the Payments & Income Team • Creditors: sample check to ensure 	<p>Financial Services Manager</p>	<p>Implemented</p>

		<p>that requests for suppliers to be set up on system originate from service areas outside of the Payments & Income Team and that requests to change banking details from suppliers are confirmed by the supplier using pre-existing contact details. (This latter check was in place previously but now forms part of the management check)</p> <ul style="list-style-type: none"> • Cash & Banking: sample check of transfers within the cash receipting system confirmed to authority to create the transfer originates outside of the Payments & Income Team <p>All of these checks are evidenced in writing, verifiable and are held in a dedicated folder. The checks are carried out by the Payments & Income Manager or the Payments Team Leader</p>		
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