
EXTERNAL AUDIT RECOMMENDATION – COLLECTION FUND LIABILITY

1 SUMMARY

- 1.1 This report concludes an investigation into the external auditor's (BDO) query of a £218k liability that Rochford had recognised on its 2014/15 balance sheet, relating to the Collection Fund, and why it hadn't been settled.

2 INTRODUCTION

- 2.1 An investigation was requested by the Audit Committee because the Council is currently recognising a liability in respect of national non-domestic arrangements in place prior to 1 April 2013. The expectation from BDO, the Council's external auditor prior to 2015/16, is that this liability should now have been settled, and made this clear in the 2014/15 External Audit recommendations
- 2.2 The action determined by the auditors and subsequently by the Audit Committee 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.

3 THE INVESTIGATION AND SUBSEQUENT FINDINGS

- 3.1 An investigation and deep dive on the balances on the balance sheet relating to the national non-domestic Collection Fund has found that there was a match to a corresponding debtor balance owed by DCLG. These amounts were equal and opposite.
- 3.2 In the final accounts of 2014-15, these were shown as two separate items, and were not immediately apparent as equal and opposite due to accounting codes used for grouping preceptor and DCLG credit and debit balances.
- 3.3 New codes have been setup and Collection Fund working papers have been updated to enable preceptor and DCLG balances to be correctly identified and reconciled.
- 3.4 Further follow up conversations with DCLG have confirmed that there are no outstanding balances due for this period, and so the matching off is correct and will be made as part of the 2015/16 year end closure.

4 RISK IMPLICATIONS

- 4.1 None, as DCLG has confirmed there are no further outstanding balances for this period.

5 RESOURCE IMPLICATIONS

- 5.1 None; the matching of the creditor to the debtor balance has no impact on the Income and Expenditure account, nor the budget or reserves.

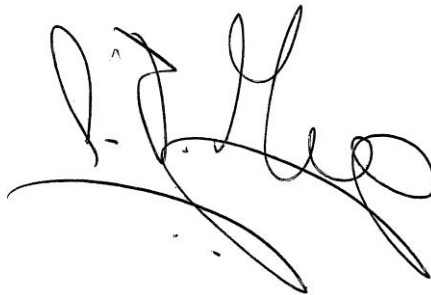
6 LEGAL IMPLICATIONS

- 6.1 None.

7 RECOMMENDATION

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

That the report be noted, and the investigation closed, with subsequent improvements in the Collection Fund balance accounting, as per paragraph 3.3.



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Background Papers:

None.

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