

UPDATE OF EXTERNAL AUDIT RECOMMENDATIONS

1 SUMMARY

- 1.1 Recommendations from the Audit Commission, External Auditors, and Inspectors are monitored by Internal Audit and their review falls within the discretion of this Committee.

2 INTRODUCTION

- 2.1 This report draws Members' attention to the recommendations of the "Report Of The Auditor To Those Charged With Governance, 2006/07".
- 2.3 The Council's external auditors, PKF, presented this report to the Audit Committee on 25 September 2007.

3 EXTERNAL AUDIT RECOMMENDATIONS

- 3.1 The recommendations and management responses arising from the report have been included in Appendix 1, together with progress to date.

4 RECOMMENDATION

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

That the monitoring sheets for the External Audit recommendations be agreed.

Yvonne Woodward

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Background Papers:-

None

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**MONITORING PROGRESS OF RECOMMENDATIONS RAISED BY PKF –
REPORT OF THE AUDITOR TO THOSE CHARGED WITH GOVERNANCE, 2006/07**

RECOMMENDATIONS ARISING FROM AUDIT					
Conclusions From Work	Recommendations	Priority	Initial Management Response	Update December 2007	Timing
Accounts Preparation Process – Head of Finance, Audit & Performance Management					
The Accounts submitted for audit included a large number of presentational issues, which required amending.	Review the Accounts preparation timetable to ensure there is sufficient time to scrutinise the Accounts before being presented to members for approval	High	Accepted. Activity on the housing transfer came to a peak at the same time as the closure of accounts and took more time than planned for. A review of the final accounts process has already been started and we will make amendments to the timetable and quality checks as a result.	Process reviewed in depth in October 2007 with relevant action points identified	Dec 2007 Completed DELETE
Rent Allowance Reconciliation – Revenues and Benefits Manager					
There is an unexplained difference of £2k between the payment module and the benefits module within Academy that has not been resolved.	Ensure the payments and benefits module within Academy are regularly reconciled.	Med	Reconciliation is done monthly This is an isolated error where the difference in one month's reconciliations was not investigated properly. Reconciliations for periods either side are fully reconciled.	Monthly reconciliation process in place with immediate investigation & resolution if variances are identified	Implemented DELETE

Housing Benefits And Council Tax Reconciliation – Revenues and Benefits Manager					
There is an uncorrected difference between Benefits and Council Tax within Academy, which we understand to be due to timing differences.	Ensure the Benefits and Council Tax balances for benefits awarded and credited to ratepayer accounts continue to be regularly reconciled and consider adjustment if the differences exceed a set de minimis level (set as appropriate).	Med	This is reconciled daily. There is always going to be a difference because of the timing of how payments are treated on the two different systems. This difference is treated as a “liveable difference” and is not corrected. We will consider adjustment if the difference exceeds £1,000.	This relates to extended benefits that are in place across financial years. Procedures are in place to identify and record cases for audit trail purposes	Implemented DELETE
Un-Presented Cheques – Payments & Income Manager					
The bank reconciliation includes £14k of un-presented cheques that were over a year old as at the 31 March 2007. Due to the age of these cheques they are unlikely to be cashed.	Undertake a critical review of un-presented cheques and remove items that will not be cashed.	Med	The reason why this occurred was because of the changeover to a new finance system. Now that the new finance system is in place, the cheques have been cancelled.	A stop has been placed on all relevant cheques	Completed DELETE

FOLLOW UP OF PREVIOUS RECOMMENDATIONS						
Recommendations	Priority	Responsibility	Timing	Actions to Date	Resolved	Revised Implementation Date
Review the bad debt provisions to ensure that the basis for calculating the provisions are appropriate	High	Financial Services Manager	June 2007	The basis for preparing the bad debt provision was reviewed, and is considered appropriate.	Yes	N/A DELETE
Review the procedures used to identify changes in the SORP, to ensure that the accounts are compliant.	Medium	Financial Services Manager	June 2007	Although the recommendation was accepted, and there were plans in place for the 2006/07 Accounts, there were a number of presentation and disclosure issues which were identified through the audit and have now been corrected. Further work needs to be done to ensure that procedures are in place for 2007/08.	Progressing	June 2008
Review procedures to ensure that related party disclosure confirmations are received on a timely basis.	Medium	Senior Accountant	June 2007	Procedure now includes reminders by telephone. This has resulted in all members and officers completing the related party disclosure confirmations.	Yes	N/A DELETE