
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 and recommendations arising from the Final Report to The Audit Committee, Audit for the year ended 31 March 2015. This report was presented to this Committee by BDO, the Council's external auditor, on 23 September 2015.
- 2..2 The 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 to the monitoring sheet for the BDO recommendations arising from the Final Report to The Audit Committee, Audit 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

APPENDIX 1

CONCLUSIONS FROM WORK	RECOMMENDATIONS	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
FINANCIAL STATEMENTS				
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.	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.	Agreed	Principal Accountant	February 2016
	2 – Update collection fund working papers to ensure that they reflect current arrangements.	Agreed Update November 2015 The collection fund working papers have been updated to reflect current arrangements for accounting for non-domestic rates for future use	Principal Accountant	December 2015 IMPLEMENTED
Accounting for grant income The Council incorrectly recognised income associated with a grant for which the related conditions had not been met. We also identified that the Council do not have a robust method for identifying all	3 – Establish a mechanism for recording grant income received in the year.	Agreed; A Grant register will be introduced for all grant funding received. Owners identified for each fund and appropriate monitoring	Senior Accountant	Implementation December 2015; on-going activity to update, monitor and reporting

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FINANCIAL STATEMENTS				
grant income received during the year.		procedures implemented to ensure funding is aligned to the stated objectives, appropriate accounting treatment applied and any risks of loss or misappropriation of funds minimised Update November 2015 The process has been started to record details relating to grant income. This will be fully implemented by December		thereafter
	4 – Review all grants received during the year to determine whether there are conditions attached and if so, whether or not they have been met.	Agreed; action to address outlined above Update November 2015 See above as an ongoing process	Senior Accountant	See Above
GOVERNANCE REPORTING				
Financial Statement Preparation The statutory deadline for	5 – Implement processes, supported by adequate capacity in	Management are aware of the challenges associated to the	Section 151 Officer	February 2016

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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.	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>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>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>		
USE OF RESOURCES				
Contract Monitoring We reviewed a sample of contracts in place during 2014/15. We identified areas for improvement in relation to contract	6 – Develop robust contract monitoring procedures which are to be used on all contracts awarded by the Council. These procedures should include a	Management recognise the importance and benefits of effective contract management and have	Section 151 Officer	March 2016

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management.	<p>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>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 November 2015 A proposed revision to the Council's Contract Procedure Rules was recommended to Full Council for adoption together with a supporting Sustainable Commissioning & Procurement Strategy 2015-2020 by The Executive of 4th November 2015.</p>		

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		These include requirements for robust contract monitoring for both performance and value for money		