

# Pre statements memorandum

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Central Bedfordshire Council

Audit 2011/12

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# Introduction

## Introduction

- 1 Our audit is carried out in accordance with the Code of Practice for Local Authorities and the National Health Service in England and Wales. Our work is designed to give an opinion on your financial statements as to whether they present fairly the position of the Council as at 31 March 2012 and its income and expenditure for the year.
- 2 This report details our findings of our pre-statements work which covers our work on:
  - the documentation, walk through and controls testing of key financial systems;
  - the VFM conclusion; and
  - Section 106 agreements.
- 3 Appendix 2 is an Action Plan of recommendations to further improve the processes.

## Main conclusions

### Financial systems

- 4 We have documented the Council's material financial systems and identified the controls you have in place to detect material errors or misstatements. We have carried out walk-through tests to confirm the operation of the controls that have been identified.
- 5 In doing this work we have placed reliance on the work of Internal Audit (IA) in particular their work on the managed audits. IA plan their work on the Council's material systems to assist us. Based on their phase 1 work the only limited assurance opinion that IA have issued is on the Payroll system. The opinions on the Main Accounting and Housing Benefit systems both improved from limited to adequate assurance this year. Having completed our work on these systems we are in agreement with these findings.
- 6 Having evaluated the controls in place in the Payroll system and the findings from IA work a substantive approach to testing payroll expenditure will be adopted again this year. We will also carry out substantive testing on the SWIFT system, as we did last year, as we consider this to be the most efficient way of obtaining assurance. At the time of our interim audit the IA phase 1 work on the SWIFT system had not been completed. We have recently received the files and we are in the process of re-performing the walk through.

7 There have been a number of changes in key staff in the Finance department during 2011/12 and there are a number of new and interim officers in place. The Assistant Director Resources left the Council in December 2011. A new section 151 officer has been in place since July 2011 and currently the Head of Financial Control and Financial Controller are both interim appointments. A permanent Financial Controller has recently taken up his post and a new capital accountant will start in May.

8 IA have reported that the recent departure of senior Finance staff had 'impacted significantly' on the reporting lines and supervision of the Main Accounting function and that until a more permanent and stable management structure is in place there remains an inherent risk within the system relating to capacity, experience and expertise.

9 While recognising that the staff changes do pose an audit risk we are satisfied with the cover arrangements that have been put in place. As in previous years we are working closely with your officers to help ensure a smooth and timely close down for the 2011/12 accounts and will continue to monitor the arrangements in place.

#### **Value for money (VFM) conclusion**

10 We are required to give a value for money (VFM) conclusion on the Council's arrangements to secure economy, efficiency and effectiveness. A key element of my conclusion this year will be the way in which the Authority has approached the issue of Housing Revenue Account self financing.

11 The Council has to decide how to account for the new debt and in particular how to allocate future borrowing costs between the General Fund (GF) and Housing Revenue Account (HRA). Initially it was decided to account for all of the Council's debt using one loans pool. Our review of the calculation to support this decision found that the charge to the HRA had been significantly understated. This would result in a major rather than incidental cost shift between the GF and the HRA and runs contrary to the equity principle set out by DCLG.

12 These issues were discussed with officers and having reconsidered the calculations and the impact on both the HRA and GF, officers have decided that a two pool approach will now be adopted to account for the loan debt in 2012/13.

13 Our provisional conclusion, based on work completed to April 2011, is that the Council has proper arrangements to secure value for money. We will revisit this conclusion once the final outturn position for 2011/12 is known.

## **Section 106**

**14** We have also been reviewing the arrangements in place for recording and monitoring Section 106 receipts and expenditure. Following questions raised by a member of the public we have reviewed the Authority's arrangements for recording and monitoring Section 106 receipts and ensuring that section 106 monies received are used in accordance with the terms of the relevant agreements. We have relied on Internal Audit's findings where possible. We have made a number of recommendations to improve the arrangements for recording and monitoring Section 106 receipts and expenditure.

# Detailed report

## Financial systems

### Audit Approach

**15** In order to comply with the International Standard on Auditing (UK and Ireland) 315 we are required to document all systems which could result in a material figure in the accounts. We have identified and documented these systems and identified the controls you have in place to detect material errors or misstatements. We have carried out walk-through tests to confirm the operation of the controls that have been identified.

**16** We placed reliance on any previous work we had carried out and the work of IA. IA plan their work on the Council's material systems to assist us in this and we are able to place reliance on their work.

**17** We try and place reliance on controls testing as far as possible. We can only place reliance on controls if our documentation and walk through of the system confirms that the key controls are in place and operating satisfactorily.

**18** We have carried out controls testing on the main accounting system and we will continue to place reliance on controls testing carried out in previous years on the following systems.

- Accounts Payable.
- Accounts Receivable.
- Fully Funded schools.

**19** We carry out an IT risk assessment each year to assess the IT control environment. The IT control environment underpins the control environment for the Council's financial and information systems and any weaknesses identified in the IT control environment may undermine the effectiveness of controls within the information systems that operate in that environment.

**20** Our IT risk assessment concluded that overall the IT environment at the Council is low risk. The most significant finding was that a disaster recovery test has not been carried out for the SAP system. There has not been a Disaster Recovery Plan in place since the Council was established in 2009/10. It is a long standing IA recommendation that a plan should be in place and tested. The IA report on tracking the progress of IA recommendations, in April 2012, noted that the target date for the completion of a Disaster Recovery Plan had slipped from December 2012 to December 2011 and is now September 2012.

**21** It is important that a Disaster Recovery Plan is in place and tested to address the risk of loss of data in the event of the failure of IT systems at the Council.

## Recommendation

**R1** Ensure that the IA recommendation to approve and test a Disaster Recovery Plan is implemented by September 2012.

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### Main accounting system

**22** IA issued an adequate assurance opinion on the main accounting system, based on their phase 1 work, the report was issued in October 2011. This is an improvement from the limited assurance opinion issued last year. In arriving at this conclusion IA noted that the recent departure of senior Finance staff had 'impacted significantly' on the reporting lines and supervision of the Main Accounting function and that until a more permanent and stable management structure is in place there remains an inherent risk within the system relating to capacity, experience and expertise.

**23** While recognising that the staff changes do pose an audit risk we are satisfied with the cover arrangements that have been put in place. As in previous years we are working closely with your officers to help ensure a smooth and timely close down for the 2011/12 accounts and will continue to monitor the capacity within the Finance department.

**24** IA identified a number of weaknesses in their report. We will only include in this memorandum weaknesses in the controls that we consider to be key controls as these will impact on our testing strategy.

**25** The Control and Suspense accounts log had not been updated since March 2011. It is understood that the monitoring of these reconciliations now takes place on a quarterly basis. Monthly monitoring was carried out last year given the backlog that had occurred at the start of 2010/11 following the problems preparing and auditing the 2009/10 accounts.

**26** The new record is a listing of the control and suspense accounts recording the balances and responsible officers. Balances that have not been reconciled are recorded in red. It is not possible from this document to see when any 'red' balances were last reconciled. The most recent listing shows that all balances have been reconciled as at December 2011 with the exception of a number of payroll accounts, the largest being '2120000 Payroll Related Reconciliation Accounts' £6,391,696.

**27** We will be reviewing year-end cash and bank reconciliations and the clearance of suspense and control accounts as part of our audit work on the statements of account. However, the Council should consider re introducing the control log, at least on a quarterly basis so that it is clear when accounts were last reconciled.



**28** The walk through of the system covered the Payment account and Income account reconciliations for June 2011. While these reconciliations were completed and reviewed appropriately the quarterly bank reconciliations, of which these formed a part, had not been reviewed and authorised by the Chief Finance Officer as required by the Council's policies and procedures. It was noted that due to the recent restructure, the Chief Finance Officer has agreed that the independent check of the reconciliation should be undertaken by the Head of Financial Control and that the procedure will be reviewed to reflect this.

**29** We have completed controls testing on journals for the period April 2011 to October 2011. We have been able to place reliance on IA testing for this period. IA phase 2 work will test journals for the period to 31 March 2012. We will again seek to place reliance on this work to provide assurance for the whole of the financial year. All journals were appropriately authorised, agreed to backing documentation and confirmed correct.

**30** Finance Managers for each directorate keep a log of the journals raised monthly. IA testing of 12 of these logs found that apart from Children Services, the journal logs were not signed off by the relevant Finance Manager or Head of Service. These logs are in place to confirm that the journals have been checked for compliance with the Council's financial procedures and that they have been correctly authorised as per the journal authorisation schedule. Following the IA report it has been agreed that this control will be in place by March 2012.

## Recommendations

**R2** Ensure that all payroll control accounts are completed and reviewed on a timely basis.

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**R3** Consider reintroducing the control and suspense account log used in 2010/11 to strengthen the monitoring of the timeliness of reconciliations and make it easier to review of the reported position.

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**R4** Ensure that all finance procedure notes are updated to reflect the changes in the structure of the Finance department.

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**R5** Ensure that IA's recommendation that journal logs to be signed off by the relevant Finance Manager or Head of Service is implemented.

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## Payroll

**31** IA have issued a limited opinion on the Payroll system based on their phase 1 work. IA found that some key controls had not been operating effectively in the payroll system for the whole of the financial year.

**32** Having evaluated the controls in place and the findings from IA work we have concluded that there is a high risk of failures in controls testing. Therefore in order to gain sufficient assurance over the payroll expenditure in the accounts we will again adopt a substantive testing approach again this year. We will carry out this work in June 2011.

**33** The payroll service has been provided by SERCO Payroll Services since the establishment of Central Bedfordshire in April 2009. The function will come in house from April 2012.

### Recommendation

**R6** Ensure that the weaknesses in payroll controls identified by IA are addressed to ensure that adequate controls are in place for 2012/13.

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## Accounts payable (AP)

**34** IA issued an adequate opinion on the AP system based on their phase 1 work. We were able to place reliance on the work carried out by IA on the main AP system, confirmed through our re-performance of the walk through.

**35** Controls assurance for the main AP system was gained in 2009/10. We are able to carry forward this assurance to 2010/11 as our walk through has confirmed that the key controls tested last year were operating effectively in 2011/12.

**36** Within the AP system there are separate processes and controls in place for the following areas, all of which lead to material expenditure in the accounts.

- Carlisle - payments to contractors/temporary staff.
- Amey - payments to the Council's highways maintenance contractors.
- Waste disposal.
- BUPA - payments in respect of care homes.

**37** Controls assurance for these sub systems was gained in 2010/11. Our walk throughs this year have confirmed that the controls tested last year are still operating effectively and we are able to carry forward this assurance to 2011/12.

## Accounts receivable (AR)

**38** IA issued an adequate opinion on the AR system based on their Phase 1 work. We were able to place reliance on the work carried out by IA on the on the AR system, confirmed through our re-performance of the walk through.

39 The walk through identified weaknesses in the operation of some key controls as follows.

- The Central Master Data Team do not hold a listing of approved authorisers for the SAP Customer Master Maintenance form. When a new customer is set up in SAP a sales clerk completes SAP customer maintenance form which is then approved by an authorised officer. The absence of a list of authorised officers therefore weakens this control.
- IA found that there was a lack of clarity and consistency in the information available to staff in respect of the appropriate limits for the release of credit notes. The information available re the Financial Scheme of Management on the internet was out of date. The recommendation made by IA to update the Financial Scheme of Management has been agreed with a target implementation date of March 2012.

40 Having evaluated the controls in place and the findings from IA work we have concluded that there are other controls operating which compensate for the weaknesses noted above. We will therefore carry forward the assurance gained from the testing carried out in 2010/11.

41 We will review year-end reconciliations as part of our audit of the financial statements.

## Recommendations

R7 Ensure that the Central Master Data Team hold a listing of approved authorisers for the SAP Customer Master Maintenance form.

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R8 Ensure that the recommendation made by IA to update the Financial Scheme of Management has been implemented.

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## SWIFT

42 At the time of our interim audit the IA phase 1 work on the SWIFT system had not been completed. We have recently received the files and we are in the process of re-performing the walk through.

43 We will carry out substantive testing on the SWIFT system as we did last year, as we consider it to be the most efficient way of obtaining assurance.

## Recommendation

R9 Ensure that payment schedules sent to providers are returned to BSU and any amendments made to SWIFT as appropriate.

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## **Housing Benefit**

**44** IA issued an adequate assurance opinion on the Housing Benefit (HB) system based on their phase 1 work. This is an improvement from last year's limited assurance opinion. Our re performance of the walk through confirmed that the system was operating as documented and that the controls that we consider to be key controls were operating.

**45** We have not carried out controls testing as this is the final year of the audit engagement and therefore we would not be able to carry forward any assurance to next years audit. As in previous years we will carry out a substantive analytical review and test year-end reconciliations to gain adequate assurance over the figures included in the statements of account.

## **Housing rents**

**46** We have walked through the Housing rents system, placing reliance on the work carried out by IA. IA issued an adequate opinion on the Housing Rents system based on their phase 1 work. Having evaluated the controls in place and the findings from IA work we have concluded that any weaknesses identified by IA are not likely to lead to a material misstatement.

**47** We have not carried out controls testing and will be carrying out a substantive analytical review at year-end to gain adequate assurance over the figures included in the statements of account.

## **Council Tax**

**48** We have walked through the Council Tax system, placing reliance on the work carried out by IA. IA issued an adequate opinion on the Council Tax system based on their phase 1 work. Having evaluated the controls in place and the findings from IA work we have concluded that any weaknesses identified by IA are not likely to lead to a material misstatement.

**49** We have not carried out controls testing as it is more efficient to carry out a substantive analytical review at year-end to gain adequate assurance over the figures included in the statements of account.

## **NNDR**

**50** We have walked through the NNDR system, placing reliance on the work carried out by IA. IA issued an adequate opinion on the NNDR system based on their Phase 1 work. Having evaluated the controls in place and the findings from IA work we have concluded that any weaknesses identified by IA are not likely to lead to a material misstatement.

**51** We have not carried out controls testing as it is more efficient to carry out a substantive analytical review at year-end to gain adequate assurance over the figures included in the statements of account.

## **Asset management**

**52** We have documented and walked through the Asset Management system. Having evaluated the controls in place we have not identified any risks that are likely to lead to a material misstatement

**53** We have not carried out controls testing as it is more efficient to carry out a substantive testing at the year-end.

## **Treasury management**

**54** We have walked through the Treasury Management system, placing reliance on the work carried out by IA. IA issued an adequate opinion on the Treasury Management system based on their phase 1 work. Having evaluated the controls in place and the findings from IA work we have concluded that any weaknesses identified by IA are not likely to lead to a material misstatement

**55** We have not carried out controls testing as it is more efficient to carry out a substantive testing at the year-end.

## **Fully funded schools**

**56** Fully funded schools are allocated budgets by the Council and submit monthly/ quarterly returns to the schools team, so they can journal these amounts into SAP. We have documented and walked through the system. The controls identified during the walkthrough were evaluated for each of the relevant assertions.

**57** Controls assurance for the payments made through this system was gained in 2010/11. Our walk through this year has confirmed that we are able to carry forward this assurance to 2011/12.

## **Value for money conclusion**

**58** The District Auditor is required to give a value for money (VFM) conclusion on the Council's arrangements to secure economy, efficiency and effectiveness. This is based on two criteria, specified by the Commission, related to your arrangements for:

- securing financial resilience – focusing on whether the Council is managing its financial risks to secure a stable financial position for the foreseeable future; and
- challenging how the Council secures economy, efficiency and effectiveness – focusing on whether the Council is prioritising its resources within tighter budgets and improving productivity and efficiency.

## **Audit approach**

**59** We carried out a risk assessment on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in 2011/12. For each of the two indicators; financial resilience and securing economy, efficiency and effectiveness, we assessed the arrangements in place to mitigate risks which may prevent the Council from achieving the requirements of the two indicators.

**60** We based our risk assessment on the evidence collected last year and updated for our current knowledge of the audit. We did this to identify areas where we required further evidence to enable us to conclude whether the arrangements the Council has in place are adequate.

**61** The findings from our work this year on the two indicators; financial resilience and securing economy, efficiency and effectiveness are set out in appendix 1.

## **HRA self financing**

**62** A key element of our conclusion this year will be the way in which the Council has approached the issue of Housing Revenue Account (HRA) self financing. The debt liability transfer for Central Bedfordshire is £165.7million and the transfer took place on 1 April 2012. The additional debt taken will roughly double the Council's existing portfolio, which is entirely General Fund (GF) debt.

**63** The Council set up a Treasury Management group, on an informal basis, to examine the options in respect of self financing and the debt assigned to the Council. The group included the Leader, Deputy Leader, Executive Member and Deputy for Social Care Health and Housing. This group considered the options for the loan portfolio and the approach to debt management.

**64** The decision was taken to adopt a mixed loan portfolio with approximately £50 million borrowed on a ten-year variable rate basis and remainder spread between 10 and 20 year fixed rate debt. The Council's view is that with variable rate debt at an historic low, and likely to continue so in short to medium term, this will reduce interest payments in the early years of the Housing Revenue Account (HRA) Business Plan enabling Council to invest in longer term projects such as extra care housing.

**65** The Executive in February 2012 considered the risks and changes associated with HRA self financing and their impact on the Council's HRA Business Plan, medium-term financial planning, and Treasury Management strategy for 2011/12. The Council has revised its prudential indicators for 2011/12, to allow for the additional borrowing required.

**66** The Council has to decide how to account for the new debt and in particular how to allocate future borrowing costs between the GF and HRA. The Treasury Management Report to the Executive on 10 January 2012 proposed that the GF and HRA debt would be managed as a single pool of debt. This was based on the assertion that 'In the medium term (10 to 15 years), there is potentially an adverse impact to the HRA of £ 700k per annum'. Our review of the calculation to support this figure found that the charge to the HRA had been calculated incorrectly and as a result of this error the impact on the HRA had been significantly understated. This would result in a major rather than incidental cost shift between the General Fund and the HRA and runs contrary to the equity principle set out by DCLG. Local authorities are required to deliver a solution that is broadly equitable between the HRA and GF.

**67** These issues were discussed with officers and having reconsidered the calculations and the impact on both the HRA and GF, officers have decided that a two pool approach will now be adopted to account for the loan debt in 2012/13.

**68** We cannot conclude our work on the value for money conclusion until the outturn for 2011/12 is available and we are able to assess how successful the Council has been in meeting the 2011/12 budget. We have summarised the findings of our work to date in the section below.

## **Section 106**

**69** Following questions raised by a member of the public in 2010/11 we have reviewed the Authority's arrangements for recording and monitoring Section 106 receipts. We have relied on recent IA work where possible. IA issued a limited assurance report on Monitoring Section 106 Agreements in January 2012.

### **Monies spent in accordance with agreements**

**70** Our work has confirmed that there are adequate arrangements in place to ensure that Section 106 monies are spent in accordance with the relevant agreements. IA tested a sample of 20 items of expenditure incurred in 2010/11 and 2011/12 and concluded that the Section 106 agreements were in place. We selected four of these projects and were able to confirm that the expenditure had been incurred in accordance with the relevant Section 106 agreement.

### **Monitoring and reporting**

**71** IA found a difference of some £980,334 between the expected balance of unspent section 106 contributions on Acolaid and SAP. Following exercise by officers in Finance the difference is now £79,551, less than 1 per cent of the balance. IA recommended that Acolaid and SAP should be reconciled on a regular basis.

**72** IA found inconsistencies in project descriptions between planning and finance records. Inconsistencies can lead to errors and mis-postings thereby affecting the accuracy of financial information.

**73** The final recommendation made by IA was that the Council should adopt a consistent approach to the number and type of documents maintained on the Council's website. The reputation of the Council could be negatively affected if members of the public cannot find information purportedly published on its website.

**74** In addition to the IA findings noted above we have concluded that the arrangements for monitoring and reporting Section 106 expenditure could be improved by:

**75** Enhancing the IT capabilities of Acolaid. The Acolaid system can not run a report to add up all of the individual projects. This would assist the reconciliation process and make the on line reporting documents clearer for users to understand.

**76** Improving the accuracy of the reporting of Section 106 expenditure on the Council's website. A review of the Council's website pages noted that the reports published do not include all known Section 106 agreements and do not always add up.

**77** Keeping a record to ensure that Section 106 balances will be spent within the required time frame of the relevant agreements. The Council holds significant Section 106 balances, £17.8 million at 31 March 2011. A number of the balances relate to old agreements some dating back to 2004. It is not unusual for agreements to have a clause that will stipulate that monies not spent in the time period should be returned to the relevant party. For three of the four agreements that we tested the remaining Section 106 balances will have to be used in 2012/13 to comply with the terms of the agreement ie they may have to be returned if not used.

**78** One of the issues raised with the District Auditor by the local elector was that the Council had incurred expenditure on a road that had not been adopted by the Council. At the time of writing this report the Council has been unable to provide evidence that the road has been adopted.



## Recommendations

**R10** As recommended by IA:

- carry out regular reconciliations between the Acolaid system and SAP;
  - ensure project descriptions are consistent and accurate; and
  - adopt a consistent approach to the number and type of documents maintained on the Council's website.
- 

**R11** Enhance the IT capabilities of the Acolaid system to enable it to sum the individual schemes recorded.

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**R12** Improve the accuracy of the reporting of Section 106 expenditure on the Council's website.

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**R13** Keep a record to ensure that Section 106 balances held will be spent within the required time frame of the relevant agreements.

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## Appendix 1 Value for money criteria key messages

Criterion	Key message
<p>1. Financial resilience</p> <p>The organisation has proper arrangements in place to secure financial resilience.</p>	<p>The leadership team understands the significant and financial management challenges and risks facing the organisation and is taking appropriate action to secure a stable financial position.</p> <p>The Council considered the risks and impact of the proposed spending cuts by the coalition government in setting the 2011/12 budget. Key cost drivers and pressures were identified in the budget of 2011/12. The Council Management Team (CMT), Executive and Overview and Scrutiny committees scrutinized the proposals in the draft before they agreed the final budget was agreed. CMT, the executive and Overview and scrutiny Committees continue to review the quarterly budget monitoring reports. They discuss items in the budget which are not on track and consider options to address any potential overspends.</p> <p>The Audit Committee continues to provide effective financial management by challenging on financial matters.</p> <p>The Council has considered the risk introduced by the new Self financing HRA scheme in its Treasury Management Strategy for 2012/13. It revised its prudential indicators for 2011/12 because of the one off reallocation of debt figure of £165 million by the government. As result, the Council revised its authorised limit and operational boundary for 2011/12.</p>
<p>2. Securing economy efficiency and effectiveness.</p> <p>The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.</p>	<p>The Council has a track record of achieving savings. The Council was successful in achieving the £12 million of efficiency savings included in the 2010/11 budget.</p> <p>The 2011/12 budget includes savings of £14.651 million. The report to the Executive on 14 February 2012 shows that while the budget is still on track, the savings have not been delivered in the way expected, but instead through one off compensatory savings A total net value of £1.5 million has been removed and added as pressures to the 2012/13 annual budget.</p> <p>In the same report to the Executive on 14 February 2012, the Council identified efficiencies of £11.3 million to achieve a balanced budget in 2012/13 and a further £26.3 million over the next three years. As the Council have noted it is important that savings are sustainable in the future years.</p> <p>The Council has considered the significant social and economic drivers for change in the 2012/13 budget and the MTFP.</p>

Criterion	Key message
	<p>The key drivers identified for change in the draft budget for 2012/13 reported to the Executive on 6 December 2011 were:</p> <ul style="list-style-type: none"> <li>■ 30 per cent increase in population over 75 years old;</li> <li>■ 65 per cent increase in child protection cases between 2009 and 2011;</li> <li>■ school moving to academy status and out of control of Local Authorities; and</li> <li>■ the transfer of Public Health responsibilities to local government in 2013.</li> </ul> <p>The budget and the MTFP reflect the Council's strategic objectives and address the Council's priorities in the next four years.</p> <p>The Council engaged proactively with a wide range of individuals, organisations and stakeholders on the 2011/12 budget. In setting the 2012/13 budget and MTFP, there has again been extensive consultation with the public to capture stakeholder views on savings and spending priorities. For instance; In the feedback for the consultation with stakeholders for the setting of the 2012/13 budget, some stakeholders expressed concern about the proposals for changing the support for informal carers and bringing respite care charges. As a result of the concerns raised, the Council has decided that, the relevant service areas will conduct bespoke consultation with service users and other interested parties as part of the development of the new policies. The Executive will review this proposal later in the year.</p> <p>There was rigorous monitoring of the Council's budget throughout 2011/12 in order to achieve the required level of savings by the efficiency implementation group (EIG). The EIG continues to meet monthly to review the progress being made to achieve savings.</p>

## Appendix 2 Action plan

### Recommendations

#### Recommendation 1

Ensure that the IA recommendation to approve and test a Disaster Recovery Plan is implemented by September 2012.

**Responsibility**

**Priority**

**Date**

#### Recommendation 2

Ensure that all payroll control accounts are completed and reviewed on a timely basis.

**Responsibility**

**Priority**

**Date**

**Comments**

#### Recommendation 3

Consider reintroducing the control and suspense account log used in 2010/11 to strengthen the monitoring of the timeliness of reconciliations and make it easier to review of the reported position.

**Responsibility**

**Priority**

**Date**

**Comments**

#### Recommendation 4

Ensure that all finance procedure notes are updated to reflect the changes in the structure of the Finance department.

**Responsibility**

**Priority**

**Date**

**Comments**

## Recommendations

### Recommendation 5

Ensure that IA's recommendation that journal logs to be signed off by the relevant Finance Manager or Head of Service is implemented.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 6

Ensure that the weaknesses in payroll controls identified by IA are addressed to ensure that adequate controls are in place for 2012/13.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 7

Ensure that the Central Master Data Team hold a listing of approved authorisers for the SAP Customer Master Maintenance form.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 8

Ensure that the recommendation made by IA to update the Financial Scheme of Management has been implemented.

**Responsibility**

**Priority**

**Date**

**Comments**

## Recommendations

### Recommendation 9

Ensure that payment schedules sent to providers are returned to BSU and any amendments made to SWIFT as appropriate.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 10

As recommended by IA:

- carry out regular reconciliations between the Acolaid system and SAP;
- ensure project descriptions are consistent and accurate; and
- adopt a consistent approach to the number and type of documents maintained on the Council's website.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 11

Enhance the IT capabilities of the Acolaid system to enable it to sum the individual schemes recorded.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 12

Improve the accuracy of the reporting of Section 106 expenditure on the Council's website.

**Responsibility**

**Priority**

**Date**

**Comments**

## Recommendations

### Recommendation 13

Keep a record to ensure that Section 106 balances held will be spent within the required time frame of the relevant agreements.

**Responsibility**

**Priority**

**Date**

**Comments**

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