

Annual governance report

Swale Borough Council

Audit 2011/12



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Key messages

This report summarises the findings from the 2011/12 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial statements

Subject to receipt of a letter of representation I intend to issue an unqualified audit opinion on the 2011/12 financial statements.

The Council's previous accounts demonstrated an improvement and were prepared to a high standard and I am pleased to report that the Council demonstrated a continued commitment to improve the quality of accounts preparation, with better working papers and significantly fewer amendments to the draft statements compared to last year. Good progress has also been made in respect of prior year recommendations

Value for money (VFM)

I expect to conclude that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

The Council has good financial governance and sound arrangements for financial control. It continues to strengthen its financial planning to ensure it is well-placed to address the financial pressures it faces over the medium term

The Council takes a strategic approach to setting priorities and achieving cost cuts through improved efficiency and productivity.

I have identified improvements and made recommendations in respect of the Council's arrangements for transfer of assets to the community.

Before I give my opinion and conclusion

My report includes only matters of governance interest that have come to my attention in performing my audit. I have not designed my audit to identify all matters that might be relevant to you.

Independence

I can confirm that I have complied with the Auditing Practices Board's ethical standards for auditors, including ES 1 (revised) - Integrity, Objectivity and Independence.

I am not aware of any relationships that may affect the independence and objectivity of the Audit Commission, the audit team or me, that I am required by auditing and ethical standards to report to you.

I ask the Audit Committee to:

- take note of the adjustments to the financial statements included in this report (appendix 2);
- approve the letter of representation (appendix 3), on behalf of the Authority before I issue my opinion and conclusion; and
- agree your response to the proposed action plan (appendix 5).

Financial statements

The Authority's financial statements and annual governance statement are important means by which the Authority accounts for its stewardship of public funds. As elected Members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

My audit seeks to ensure that the accounts are materially correct and present fairly the financial transactions of the Authority in 2011/12. The concept of materiality is defined at Appendix 4. For the 2011/12 accounts I set materiality at £1,856,000. Under International Standards on Auditing I also set a threshold below which I judge any errors to be 'trivial' and do not ask for the accounts to be amended. For 2011/12 this triviality threshold is set at £18,000.

Where I identify errors above this triviality threshold, under auditing standards I must request management to amend the accounts. Where management chooses not to do so, and the Audit Committee agrees, I request a written representation from the Committee as to whether it believes the effects of the uncorrected misstatements are not material individually and in aggregate.

Uncorrected errors

There are no errors that the Council chose not to amend.

Corrected errors

The Council has corrected 1 material error within the notes to the accounts and 6 disclosure errors. The financial statements presented to members at this Audit Committee incorporate these amendments. Further information is provided at appendix 2.

This represents an improvement to the high standard set by the Council in the prior year.

Significant risks and my findings

I reported to you in my February 2012 Audit Plan the significant risks that I identified relevant to my audit of your financial statements. In Table 1 I report to you my findings against each of these risks.

Table 1: **Risks and findings**

Risk	Finding
Valuation of property, plant and equipment (PPE) The Authority is required to value PPE at fair value (with some exceptions). There is a risk that the valuation reported in the financial statements will be materially misstated.	I performed substantive testing procedures to satisfy myself that the valuation and depreciation of property, plant and equipment accounted for by the Authority and disclosed in the financial statements was in line with the requirements of the IAS 16 and the Code. My testing has not identified any significant issues to bring to your attention.

Significant weaknesses in internal control

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. My responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

I have tested the controls of the Authority only to the extent necessary for me to complete my audit. I am not expressing an opinion on the overall effectiveness of internal control. I have reviewed the Annual Governance Statement and can confirm that:

- it complies with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework; and
- it is consistent with other information that I am aware of from my audit of the financial statements.

The following weaknesses in internal control are only those I have identified during the audit that are relevant to preparing the financial statements.

Table 2: Internal control issues and my findings

Description of weakness	Potential impact	Management action
The Council's ICT Disaster Recovery Plans are up to date, but were not tested in 2010/11 and have also not been tested in 2011/12.	If disaster recovery plans are not tested on an annual basis there is a risk that business continuity could be compromised by an ICT system failure	It is recommended that the Disaster Recovery Plans should be tested as soon as practicable in 2012.

Recommendation

R1 The Council should perform an ICT Disaster Recovery Test on an annual basis

Other matters

I am required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the Authority's financial reporting process including the following.

- Qualitative aspects of your accounting practices
- Matters specifically required by other auditing standards to be communicated to those charged with governance. For example, issues about fraud, compliance with laws and regulations, external confirmations and related party transactions.
- Other audit matters of governance interest

The following other matters are only those I have identified during the audit that are relevant to preparing the financial statements.

Table 3: **Other matters**

Issue	Finding
Annual Governance Statement	The Council's Local Code of Governance has not been reviewed as intended since it was written in 2008. The Code is a key element of the Council's governance framework, and as roles and responsibilities have changed over the last four years it is recommended that it should be updated as soon as possible and reviewed periodically thereafter.

Recommendation

R2 The Council's Local Code of Governance should be updated as soon as possible and kept under periodic review.

Whole of Government Accounts

Alongside my work on the financial statements, I have also reviewed and reported to the National Audit Office on your Whole of Government Accounts return. The extent of my review and the nature of my report were specified by the National Audit Office. I have no matters to report.

Value for money

I am required to conclude whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is the value for money conclusion.

I assess your arrangements against the two criteria specified by the Commission. In my February 2012 Audit Plan I reported to you the significant risks that were relevant to my conclusion. I have set out below my conclusion on the two criteria, including the findings of my work addressing each of the risks I identified.

I intend to issue an unqualified conclusion stating that the Authority has proper arrangements to secure economy, efficiency and effectiveness in the use of its resources. I include my draft conclusion in Appendix 1.

Table 4: **Value for money conclusion criteria and my findings**

Criteria	Risk	Findings
<p>1. Financial resilience</p> <p>The organisation has proper arrangements in place to secure financial resilience.</p> <p>Focus for 2011/12:</p> <p>The organisation has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.</p>	<p>Business planning</p> <p>The external financial environment remains a very challenging one across local government. Members and officers are continuing to explore new ways of working and to identify efficiencies in business planning and in service delivery</p>	<p>Officers have undertaken work on the 2012/13 budget resulting in a reduction in net expenditure compared to 2011/12 of over £1,780k in addition to achieving a net underspend of £681k in 2011/12. The MTFP has been revisited and updated for the impact of national changes such as the Council Tax freeze, Housing Benefits changes, localisation of NNDR and cuts to funding,</p> <p>Through strengthened budget monitoring, General Fund balances and general reserves currently stand at £7.173m compared to £5,804 in 2010/11.</p>

2. Securing economy efficiency and effectiveness

The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

Focus for 2011/12:

The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Risk Management

The Council's procedures for identifying emerging risks and management and member processes for assessing and mitigating risks needed to be updated against current best practice in risk management.

The Council has introduced revised risk management procedures during 2011/12. The resulting corporate framework for identifying and responding to existing and emerging risks is sound, and the ownership of risks has been established. Work is now progressing to ensure that the strategic risk register is aligned with the Council's new Corporate Plan.

Transfer of community assets

Risk that the Council does not secure VFM from these asset transfers

I have reviewed the transfer of the Alexander Centre to the Alexander Centre Trust CIC in 2012. My findings are:

- It is not clear that the Council secured the best possible VFM as a result of this transfer. However members were provided with sufficient information to inform their decision making process.
- The CIC status of the Trust should safeguard the future of the Centre for the local community;
- The Community Asset Transfer Policy as originally drafted reflected best practice in asset disposal, but key elements such as the merits of leasehold as opposed to freehold transfer and the difficulty in enforcing restrictive covenants were removed following consultation. These elements should be reinstated, and the Policy strengthened to incorporate, for

example, the emergence of Community Interest Companies;

- The option of selling an asset at market value should be set out for completeness, and a current valuation should be obtained. This valuation should be updated if there is any significant delay in the transfer process.
- The Council should avoid providing financial warranties that are not cash limited.
- The Community Asset Transfer Policy and the Council's Property Asset Strategy 2012-15 should be aligned to inform the Council's integrated asset disposal policy.

Recommendation

- R3** The Community Asset Transfer Policy should be reinstated as originally drafted, and strengthened to incorporate reference to Community Interest Companies
- R4** When considering disposing of an asset, the option of selling at market value should be set out for completeness, and a current market value obtained.
- R5** The Council should avoid providing financial warranties relating to asset transfers that are not cash limited.
- R6** The Community Asset Transfer Policy and the Council's Property Asset Strategy 2012-15 should be aligned to inform the Council's integrated asset disposal policy.

I am required to consider the Authority's arrangements to secure economy, efficiency and effectiveness.

For 2011/12 the Commission has determined that the scope of my work on value for money at the Authority is limited to:

- reviewing the Annual Governance Statement (AGS);
- reviewing the results of the work of other relevant regulatory bodies or inspectorates, to consider whether there is any impact on my responsibilities; and
- other risk-based work as suitable.

As I reported in my February Audit Plan:

- I am not aware of any relevant work of other relevant regulatory bodies or inspectorates; and
- I have not identified any significant risks requiring specific risk-based work.

I have reviewed your AGS and I have no matters that I need to report.

Fees

I reported my planned audit fee in the February Audit Plan.

I will complete the audit within the planned fee.

Table 5: Fees

	Planned fee 2011/12 (£)	Expected fee 2011/12 (£)*
Audit	133,475	133,475
Claims and returns	25,000	25,000
Total	158,475	158,475

The Audit Commission has paid a rebate of £10,667 to reflect attaining internal efficiency savings, reducing the net amount payable to the Audit Commission to £148,475.

*The expected fee includes the Housing Benefit Certification, which has not been completed.

Appendix 1 – Draft independent auditor’s report

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF SWALE BOROUGH COUNCIL

Opinion on the Authority financial statements

I have audited the financial statements of Swale Borough Council for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

This report is made solely to the members of Swale Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Head of Finance and auditor

As explained more fully in the Statement of the Head of Finance’s Responsibilities, the Head of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the financial position of Swale Borough Council as at 31 March 2012 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I report to you if:

- in my opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- I issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- I designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- I exercise any other special powers of the auditor under the Audit Commission Act 1998.

I have nothing to report in these respects

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2011, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, I am satisfied that, in all significant respects, Swale Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

Certificate

I certify that I have completed the audit of the accounts of Swale Borough Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Andy Mack
District Auditor

Audit Commission
1st Floor
Millbank Tower
Millbank
London
SW1P 4HQ

Appendix 2 - Corrected errors

I identified the following errors during the audit which management have addressed in the revised financial statements.

Misstatement	Nature of adjustment	Value £000's
<p>The Council's analysis of business rates income and expenditure in their working papers was correct, but this was not followed through in the draft statements provided to audit.</p>	<p>The Council has amended the figures in the Collection Fund in relation to both business rates income and the payment to the national pool by the amount of the misstatement.</p> <p>The net effect of this adjustment is nil.</p>	3,620
<p>The Council had included a contingent liability in respect of Municipal Mutual Insurance Limited (MMI) claims of £62,000. Based on information provided in MMI's latest accounts, and the outcome of a recent Supreme Court Judgement, it was agreed that a provision is now required in respect of MMI.</p>	<p>The Council have decreased General Fund and increased their provisions by the amount of the misstatement.</p>	62

Appendix 3 - Draft letter of management representation

Swale Borough Council - Audit for the year 2011/12

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other relevant details directors of Swale Borough Council, the following representations given to you in connection with your audit of the Authority's financial statements for the period ended 31/03/12.

Compliance with the statutory authorities

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Authority, for the completeness of the information provided to you, and for making accurate representations to you.

Uncorrected misstatements

The effects of uncorrected financial statements misstatements summarised in Appendix 2 to the Annual Governance Report are not material to the financial statements, either individually or in aggregate.

These misstatements have been discussed with those charged with governance within Swale Borough Council and the reasons for not correcting these items are as follows.

- reason 1 etc;
- reason 2]

Supporting records

I have made available all relevant information and access to persons within the Authority for the purpose of your audit. I have properly reflected and recorded in the financial statements all the transactions undertaken by the Authority.

Irregularities

I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud or error.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- the results of our assessment of the risk the financial statements may be materially misstated as a result of fraud.

Law, regulations, contractual arrangements and codes of practice

I have disclosed to you all known instances of non-compliance, or suspected non-compliance with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other authority. The Authority has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

Accounting estimates including fair values

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

For each accounting estimate, I confirm:

- the appropriateness of the measurement method, including related assumptions and models, and the consistency in application of the method;
- the assumptions appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the Authority, where relevant to the accounting estimates and disclosures;
- the disclosures relating to the accounting estimate are complete and appropriate under the Code; and
- that no subsequent event requires the Authority to adjust the accounting estimate and related disclosures included in the financial statements.

Related party transactions

I confirm that I have disclosed the identity of the Authority's related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the Code.

Subsequent events

I have adjusted for or disclosed in the financial statements all relevant events subsequent to the date of the financial statements.

Signed on behalf of Swale Borough Council

I confirm that this letter has been discussed and agreed by the Audit Committee on 19 September 2012.

Signed

Name

Position

Date

Appendix 4 – Glossary

Annual Audit Letter

Letter issued by the auditor to the Authority after the completion of the audit that summarises the audit work carried out in the period and significant issues arising from auditors' work.

Annual Governance Report

The auditor's report on matters arising from the audit of the financial statements presented to those charged with governance before the auditor issues their opinion [and conclusion].

Annual Governance Statement

The annual report on the Authority's systems of internal control that supports the achievement of the Authority's policies aims and objectives.

Audit of the accounts

The audit of the accounts of an audited body comprises all work carried out by an auditor under the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

Audited body

A body to which the Audit Commission is responsible for appointing the external auditor.

Auditing Practices Board (APB)

The body responsible in the UK for issuing auditing standards, ethical standards and associated guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

Auditing standards

Pronouncements of the APB that contain basic principles and essential procedures with which auditors must comply, except where otherwise stated in the auditing standard concerned.

Auditor(s)

Auditors appointed by the Audit Commission.

Code (the)

The Code of Audit Practice for local government bodies issued by the Audit Commission and approved by Parliament.

Commission (the)

The Audit Commission for Local Authorities and the National Health Service in England.

Ethical Standards

Pronouncements of the APB that contain basic principles relating to independence, integrity and objectivity that apply to the conduct of audits and with which auditors must comply, except where otherwise stated in the standard concerned.

Financial statements

The annual statement of accounts that the Authority is required to prepare, which report the financial performance and financial position of the Authority in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom.

Group accounts

Consolidated financial statements of an Authority and its subsidiaries, associates and jointly controlled entities.

Internal control

The whole system of controls, financial and otherwise, that the Authority establishes to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

Materiality

The APB defines this concept as ‘an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor’s report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement

within the financial statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects’.

The term ‘materiality’ applies only to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, as well as their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

Significance

The concept of ‘significance’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit of the financial statements. Significance has both qualitative and quantitative aspects.

Those charged with governance

Those entrusted with the supervision, control and direction of the Authority. This term includes the members of the Authority and its Audit Committee.

Whole of Government Accounts

A project leading to a set of consolidated accounts for the entire UK public sector on commercial accounting principles. The Authority must submit a consolidation pack to the department for Communities and Local Government which is based on, but separate from, its financial statements.

Appendix 5 - Action plan

Current Year Recommendations

Recommendations

Recommendation 1

The Council should perform an ICT Disaster Recovery Test on an annual basis

Responsibility	IT Manager
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Priority	High
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Date	September 2012 and annually thereafter
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Comments	A successful off-site DR test of the domain controllers has now taken place and half-yearly tests of the same are scheduled (one off-site). An off-site test restore of the Agresso system will take place in September 2012.
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Recommendation 2

The Council's Local Code of Governance should be updated as soon as possible and kept under periodic review.

Responsibility	Head of Internal Audit Partnership and Head of Finance
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Priority	High
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Date	2012/13
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Comments	This will be implemented in 2012/13.
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Recommendation 3

The Community Asset Transfer Policy should be reinstated as originally drafted, and strengthened to incorporate reference to Community Interest Companies

Responsibility	Regeneration Director
Priority	High
Date	2012/13
Comments	Proposed that the Audit Committee note this recommendation, which will be considered by the Asset Management Group and the Asset Transfer Group prior to reporting to Cabinet for their consideration and decision.

Recommendation 4

When considering disposing of an asset, the option of selling at market value should be set out for completeness, and a current market value obtained.

Responsibility	Regeneration Director
Priority	High
Date	2012/13
Comments	This will be added to the Community Asset Transfer Policy in 2012/13 and considered as an option within Cabinet Reports on asset transfers/disposals.

Recommendation 5

The Council should avoid providing financial warranties relating to asset transfers that are not cash limited.

Responsibility	Regeneration Director
Priority	High
Date	2012/13
Comments	Proposed that the Audit Committee note this recommendation, which will be considered by the Asset Management Group and the Asset Transfer Group prior to reporting to Cabinet for their consideration and decision.

Recommendation 6

The Community Asset Transfer Policy and the Council's Property Asset Strategy 2012-15 should be aligned to inform the Council's integrated asset disposal policy

Responsibility	Regeneration Director
Priority	High
Date	2012/13
Comments	This recommendation will be met in 2012/13 as the Property Asset Strategy 2012-15 states that the strategic asset review will inform any future asset disposals (including community asset transfers).

Prior Year Recommendations

Recommendations

Recommendation 1

Ensure that monthly bank reconciliations are kept up to date and completed on a timely basis.

Responsibility	Chief Accountant
Priority	High
Date	For the 2011/12 year, although it will take some time to complete the outstanding reconciliations
AC Comments	This area has seen significant progress with bank reconciliations being completed on a more timely basis. However, there is still room for improvement in this area. The Council are implementing an upgraded financial system in 2012/13, which will assist in achieving this.

Recommendation 2

Ensure disaster recovery tests are undertaken on a regular basis, ideally annually.

Responsibility	IT Department
Priority	High
Date	For the 2011/12 year onwards
AC Comments	This has not been completed. An additional recommendation has been raised in 2011/12.

Recommendation 3

S106 agreements should be reviewed to ensure that where possible receipts held are used before their repayment dates

Responsibility	Head of Development Services
Priority	High
Date	For the 2011/12 accounts
AC Comments	This is an area that has been reviewed in detail by the Audit Committee and improvements to the processes around S106 agreements have been made. No issues were identified in the testing completed in 2011/12.

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- any director/member or officer in their individual capacity; or
- any third party.

