



**HENDERSON LOGGIE**  
Chartered Accountants

**Angus Council**

**Financial Statements Audit Plan 2009/10**

**External Audit Report No: 2010-02**

**Draft Issued: 26 April 2010**

**Final Issued: 8 June 2010**



## Contents

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	<b>Page</b>
<b>1 Executive Summary</b>	<b>1 - 2</b>
<b>2 Accounts Preparation</b>	<b>3 - 4</b>
<b>3 Audit Scope and Approach</b>	<b>5 - 9</b>
<b>4 Interim Audit Work</b>	<b>10 - 17</b>
<b>5 Issues for the Year-End Audit</b>	<b>18 - 19</b>
<b>Appendix I - Action Plan</b>	<b>20 - 25</b>
<b>Appendix II – 2008/09 Action Plan Updated</b>	<b>26 - 29</b>
<b>Appendix III – Acronyms</b>	<b>30</b>

### **Restriction on Use**

This report has been prepared in accordance with our responsibilities under International Standards on Auditing and Audit Scotland's Code of Audit Practice for the audit of the financial statements of Angus Council.

We take this opportunity to remind you that:

- This report has been prepared for the sole use of Angus Council and the Scrutiny & Audit Sub-Committee and will be shared with the Accounts Commission and Audit Scotland.
- No responsibility is assumed by us to any other person who may choose to rely on it for his or her own purposes.
- This report sets out the findings from the specific areas covered by our review as well as our review of internal audit. Our audit does not necessarily disclose every weakness and for this reason the matters referred to in this report may not be the only shortcomings which exist.



# 1. Executive Summary

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## Introduction and Background

1. The purpose of this plan is to provide Angus Council (the Council) and the Finance Team with a clear understanding of our approach to the audit of the financial statements for the year ended 31 March 2010 and to provide an update of our interim audit work to date. It also notes progress with the action plan agreed last year as a result of our interim work.
2. This document outlines:
  - the accounts preparation expectations
  - our audit scope and approach
  - interim audit work to date
  - the issues for our year-end audit
3. The Working Papers Requested List (WPRL), which has already been issued to the Head of Finance, is an important part of our approach and sets out our understanding regarding the documents the Council has agreed to prepare in order to facilitate our audit.
4. Information has been gathered through interviews with officers, including the Head of Finance, the Chief Internal Auditor and members of the Finance team, review of internal audit reports and files and the financial monitoring reports, and from the assessment of the key financial controls. We have considered planning guidance issued to us by Audit Scotland for 2009/10.
5. Our audit timetable and planned audit outputs were detailed in our report 2010-01, **Risk Assessment, Annual Audit Plan and Fee Proposal for 2009/10** (Annual Plan), issued on 12 February 2010. They have been agreed with the Head of Finance and approved by the Scrutiny & Audit Sub-Committee.

## Overall Conclusions on Interim Work to Date

6. From the interim work carried out to date we are satisfied that we have assessed the level of assurance to be gained from the financial control environment at the Council for producing financial accounts for the year ended 31 March 2010. For the majority of the main financial systems we have assessed either full or substantial assurance. The exception is the Fixed Assets Register which is limited as the main controls are carried out after the year-end. This is subject to completing our review of internal audit reports and files and completing the key control testing for the final few months of the year. Full details are included in section 4.
7. We are pleased to report that for the main systems the majority of expected key controls appear to be in place. We have however identified some key issues and control weaknesses that may impact on our audit approach for the year-end:
  - Weekly sales invoice and credit note reports issued by Finance should be retained by departments and reviewed by employees independent of those directly involved in raising the invoice / credit note.
  - All journal entry forms should be fully authorised and filed with adequate supporting documentation. Where the supporting documentation is too large to put on file the journal entry form should provide contact details for the individual retaining the supporting documentation.
  - Reconciliations between the cash receipting system and the non-domestic rates and council tax systems should be completed on a timely basis and record when and who completed and reviewed them.



# 1. Executive Summary

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## Overall Conclusions on Interim Work to Date (Cont'd)

7. Continued
  - The Housing Benefit / Council Tax Benefit system reconciliations to the main accounting system should be completed on a timely basis. In addition, the Benefit system reconciliations to the rent system should record evidence as to who reviewed these and when.
8. Our interim audit work also included a review of the Council's Standing Orders, Financial Regulations and Local Code of Corporate Governance. Standing Orders were last reviewed in November 2008 and should be updated to include the remit of the Scrutiny & Audit sub-committee. We understand that revised Standing Orders and Financial Regulations will be presented to the Council in June 2010 and that the revisions will include the changes to Financial Regulations agreed in our 2008/09 Financial Statements Audit Plan.
9. We have followed up the Council's progress in implementing the actions agreed within our 2008/09 Financial Statements Audit Plan (Appendix II). The recommendation relating to journal authorisation is repeated in the current year action plan.
10. Recommendations which should help to strengthen internal controls are included in the Action Plan at Appendix I, together with further detail of our audit findings. The recommendations have been agreed with senior officers at the Council.
11. We have identified some national and local issues that we have assessed as higher risk for the preparation and audit of the Council's financial statements. These are set out in tables 6 and 7 in Section 5.

## Acknowledgements

12. We would like to take this opportunity to thank all the officers within the Council who assisted us in gathering information for this plan.



## 2. Accounts Preparation

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### Introduction

13. Our audit of the Council's financial statements, and the agreed audit fee are based on: the timely receipt of disclosure compliant accounts and supporting working papers prepared to an acceptable professional standard; the availability of key officers responsible for the preparation of the financial papers; and access to further information or explanations necessary to support the financial statements and the significant areas of judgement applied in the preparation of the financial statements.

### Format of the Accounts

14. The financial statements should be prepared in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom 2009 - A Statement of Recommended Practice" (SORP), which is issued by the CIPFA/LASAAC Joint Committee.
15. The SORP is reviewed and updated annually. The 2009 SORP which applies to the 2009/10 financial statements was issued in August 2009.
16. For 2009/10, the most significant change to the SORP is in respect of the requirements for private finance initiative (PFI) and similar contracts. Accounting treatment for PFI and similar contracts is no longer based on FRS 5 but on an interpretation of IFRIC 12 Service Concession Arrangements contained in the Government's Financial Reporting Manual. There are also amendments in respect of accounting for non-domestic rates.

### Responsibility for the Preparation of the Accounts

17. The financial statements are an essential part of accounting for the stewardship of resources made available to the Council and reporting its financial performance for the use of those resources. It is the responsibility of the Council, and the Head of Finance as the proper officer, to prepare the financial statements in accordance with statutory timescales and all relevant regulatory requirements. This means:
  - The Council has to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs and to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
  - The proper officer is responsible for the preparation of the financial statements and ensuring that: they are in accordance with proper practices as set out in the SORP; suitable accounting policies have been selected and applied consistently; judgements and estimates made are reasonable and prudent; proper accounting records have been maintained; and reasonable steps have been taken to prevent and detect fraud and other irregularities.
18. Meetings have been held with the Council's officers to consider preparation of the financial statements and agree our requirements as set out in the WPRL. This document has been updated to take account of feedback from the Head of Finance and his team and to include the delegated responsible officers for each area.
19. Officers have confirmed that "year-end close down procedures" were issued to appropriate staff before 31 March 2010.



## 2. Accounts Preparation

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### Responsibility for the Preparation of the Accounts (Cont'd)

20. The main contacts for our audit team in the course of the financial statements audit were identified as the Senior Service Manager (Finance Services) and the Service Manager (Professional Services Team 3) for operational issues. Any significant audit issues arising during the course of the year-end audit will also be notified to the Head of Finance, who has overall responsibility for the preparation and co-ordination of the financial statements.
21. We have made enquiries about the Council's processes for the preparation of the annual governance statement and plan to review the process and the draft statement during the year-end audit. Any significant weaknesses in controls identified during our year-end audit will be brought to the attention of management for inclusion in the statement.

### 3. Audit Scope and Approach

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#### Scope of the Audit

22. Our responsibilities as independent auditors primarily derive from the Local Government (Scotland) Act 1973 and are summarised in Audit Scotland's Code of Audit Practice (the Code) approved by the Accounts Commission for Scotland, and guided by the auditing profession's auditing standards and ethical guidance. These responsibilities are to:
- audit the financial statements and place a certificate (independent auditors' report/opinion) on the statements stating that the audit has been conducted in accordance with part VII of the Act
  - satisfy ourselves that the financial statements have been prepared in accordance with all applicable statutory requirements
  - satisfy ourselves that proper accounting practices have been observed in the preparation of the financial statements
23. In forming our opinion for inclusion in our audit certificate we are required to report on the following:
- whether the financial statements give a true and fair view of the financial position of the Council as at 31 March 2010 and its income and expenditure for the year then ended
  - if the Foreword is not consistent with the financial statements
  - if the Council has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit
24. We review whether the annual governance statement complies with the SORP and report if the statement does not comply with the SORP or if it is misleading or inconsistent with other information we are aware of from our audit. We are not required to consider whether the statement covers all risks and controls, or form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.
25. In addition, we must consider the other information published with the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

#### Audit Approach

26. Our overall audit approach was set out in our Annual Plan. In summary, this approach is based on our annual integrated assessment of risks across our responsibilities detailed in the Code in relation to the finance (including our audit certificate on the financial statements), governance and performance aspects of the wider audit model. This approach includes:
- understanding the business of the Council and risk exposures which could impact on the financial statements
  - assessing the key internal controls for the main financial systems and considering how risk exposure in the systems could affect the financial statements
  - identifying major transaction streams, balances and areas of estimation, understanding how the Council will include these in the financial statements, and developing audit tests for these



### 3. Audit Scope and Approach

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#### Audit Approach (Cont'd)

26. Continued
- assessing the risk of material misstatement in financial statements, in conjunction with our evaluation of inherent risk and control environment risk as part of our integrated risk assessment approach
  - determining the nature, timing and extent of our audit work programme to provide us with sufficient appropriate evidence as to whether the financial statements are free from material misstatement
27. Through this approach, we have also considered and documented the sources of assurance which will allow us to make best use of our resources and focus testing on higher risk areas during the audit of the financial statements. The main areas of assurance for the audit come from planned management action, internal audit coverage and reliance on systems of internal control. Management action being relied on for 2009/10 includes:
- comprehensive year-end close down procedures and timetable issued to relevant staff
  - clear responsibilities for the production of the accounts and supporting working papers
  - the delivery of unaudited accounts to agreed timescales with an appropriate working paper package and completed WPRL
  - identification of other bodies/entities and the appraisal of their materiality for inclusion in group accounts
  - completion of key elements of the internal audit programme for 2009/10
28. The audit of the financial statements is completed over three stages. The first stage was carried out between November 2009 and February 2010 as part of our “understanding the business” review, which fed into the integrated risk assessment approach. The specific output delivered as a result of the first stage was our Annual Plan.
29. The second stage is carried out over the period from February to June 2010. This includes our financial control evaluation and audit testing of the key controls for the main financial systems we plan to rely on for our financial statements audit, and our review of the Council's financial monitoring reports available prior to our year-end audit commencing.
30. At the time of this report, we have considered the results of our financial control evaluation work and the provision of internal audit services. The outcome of this evaluation is set out in section 4. We have reviewed the available internal audit files and updated our evaluation to take account of the results of their work. For other areas where internal audit have yet to formally report their findings or where we have still to review their files we will update our evaluation to take account of their findings. This further evaluation will be considered in the context of its impact on our financial statements audit.
31. The third and final stage will be carried out during July to October 2010. We will focus our year-end audit on the significant risks and audit objectives for disclosure and significant areas of judgement included in the financial statements.



### 3. Audit Scope and Approach

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#### Materiality

32. Materiality is one of the fundamental accounting principles that should be complied with in preparing an authority's accounts. The SORP states that "Materiality is the final test of what information should be given in a particular set of financial statements..., materiality is a threshold quality ensuring that the information is of such significance as to justify its inclusion in the financial statements. An item of information is material to the financial statements if its misstatement or omission might reasonably be expected to influence assessments of the authority's stewardship, economic decisions, or comparisons with other entities, based on those financial statements. If there are two or more similar items the materiality of the items in aggregate, as well as of items individually, needs to be considered."
33. We are required to consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme.
34. Specifically, with regard to the financial statements, we assess the materiality of uncorrected errors and misstatements, both individually and collectively. Before concluding our year-end audit, we report all material and significant audit adjustments to the draft accounts and significant control weaknesses identified during our audit to those charged with governance.
35. We use a base calculation which is derived from the gross expenditure figure in the accounts as a materiality guide for our audit. This is calculated upon receipt of the draft accounts and advised to the Head of Finance and his team. Both materiality and significance levels are used to list potential audit adjustments arising in the course of the audit and will be reported to those charged with governance. Items below our level of significance (5% of materiality) will be deemed trivial and may not be reported.

#### Classes of Transactions, Estimates, Other Account Balances and Disclosures

36. In addition to our calculation of materiality, we use our understanding of the Council to determine which transactions are material and significant to the financial statements.
37. Our audit approach requires that we identify significant classes of transactions, estimates, other account balances and disclosures. We will develop audit objectives relating to each of these items and test the controls over each item based on our assessment of the risk of significant misstatement.
38. We have assessed financial instruments, pension fund (FRS 17) liabilities and other pensions transactions, property revaluation and capital accounting entries, manual accruals, prepayments, estimates and provisions as higher risk and will carry out substantive testing on these accounts during our year-end audit. Transactions in these areas are only processed at the year-end and they are not covered by our financial control evaluation work.

### 3. Audit Scope and Approach

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#### Fraud and Irregularity

39. It is the Council's responsibility to establish arrangements to prevent and detect fraud and other irregularity, including:
- developing, promoting and monitoring compliance with standing orders and financial regulations
  - implementing strategies to prevent and detect fraud and other irregularity
  - receiving and investigating allegations of breaches of proper standards
40. We are required to consider the arrangements made by management. We do this in a number of ways:
- Our risk-based audit approach will focus on specific areas of high risk and provide a reasonable expectation of detecting misstatements in the annual accounts resulting from fraud or irregularity.
  - We review the Technical Bulletins produced by Audit Scotland with regard to fraud reports in local authorities and ensure that the Council has adequate arrangements in place to prevent similar frauds occurring.
  - We examine the policies, strategies, standing orders and financial regulations issued by the Council to ensure that they deal adequately with fraud and corruption and provide a framework for exercising strong internal control.
41. We are also required to report any fraud above £5,000 to Audit Scotland and have agreed with the Council that we will be informed of any frauds if and when they are identified. We are not aware of any potential frauds occurring during 2009/10 other than those identified through the National Fraud Initiative and fraud specific to housing and council tax benefit.

#### Communication and Reporting

42. We will communicate regularly with officers in preparation for and during our audit of the financial statements. This communication should be two-way, and we encourage officers to have early discussions with us on any issues that may give rise to audit comment at a later date.
43. The Lead Auditor on site for the audit of the Financial Statements will be Shân Coombs and the Audit Director will be Margaret Richardson. Ian Robbie is the partner responsible for signing the audit certificate. Issues arising during the audit should be brought to their attention. Contact details were supplied in our Annual Plan.
44. In accordance with International Standard on Auditing (ISA) 260, before issuing our audit certificate we will provide the Head of Finance, and those charged with governance (the Council's Scrutiny & Audit Sub-Committee) with a report detailing any material and significant audit adjustments to the draft accounts and listing any unadjusted errors. Any significant control weaknesses and any significant matters which are identified during the course of the audit will also be included in this report, together with a copy of our proposed certificate.
45. We may also produce a separate year-end management letter should there be any technical accounting issues arising during the audit that we feel should be brought to the attention of the Head of Finance and the accountants involved in the year-end accounts process. Our observations and suggested recommendations would cover issues where we believe improvements could be made to either the accounts preparation or audit processes.



### **3. Audit Scope and Approach**

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#### **Communication and Reporting (Cont'd)**

46. Finally, at the conclusion of our year-end audit we prepare and submit our annual audit report, the Report to Members and the Controller of Audit, which is the formal report to the Council's Scrutiny & Audit Sub-Committee and Full Council about all aspects of our audit for 2009/10.

## 4. Interim Audit Work

### Introduction and Background

47. The Code identifies that “it is the responsibility of the audited body to conduct its affairs and to put in place proper arrangements to ensure that its financial position is soundly based”. It is our responsibility as auditors to review and examine evidence that is relevant to these arrangements.
48. Our interim audit work as it relates to the financial statements audit included the following elements:
- a review of the provision of internal audit
  - a review of internal audit work to date
  - our financial control evaluation review documenting, testing and assessing the key controls in place for the main financial systems
  - ongoing review of the financial position and budget monitoring reports

### Review of Internal Audit Provision

49. Audit Scotland’s Code of Audit Practice directs us to maintain effective co-ordination with internal audit and place the maximum possible reliance on their work. In accordance with ISA 610 – Considering the Work of Internal Audit, we have reviewed the framework for the provision of internal audit services. Our review included consideration of compliance with CIPFA’s 2006 Code of Practice for Internal Audit in Local Government in the United Kingdom.
50. We concluded that the Council’s Internal Audit Services adhere to the standards set down in the CIPFA Code and that we can continue to place reliance on the work of internal audit.

### Review of Internal Audit Files

51. In our Annual Plan we identified areas of internal audit’s work programme for 2009/10 where we would expect to place reliance on their work for our audit of the financial statements. Table 1 summarises progress to date in reviewing the reports and working paper files. We will review the remaining reports and files prior to commencing our year-end audit and will take account of their findings in determining the level and extent of our year-end testing where applicable.

**Table 1: Internal audit reports**

Report title	Final report issued	Progress Indicator
Application Audit - Northgate		
Budgetary Control	19 February 10	R
Payroll		
Creditors Parks + Cemeteries Maintenance	26 Jan 10	R, F
Roads	25 Aug 10	R, F
Neighbourhood Services		
IT Inventory Control		
Access Offices	9 Dec 09	R, F
Stocks	18 May 2010	
Chief Internal Auditor’s Annual Report		

R: Report reviewed

F: Working paper file reviewed



## 4. Interim Audit Work

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### Review of Internal Audit Files (Cont'd)

52. The internal audit reports issued to date have identified a number of areas of good practice, but they have also noted areas where improvements could be made to the internal controls, or where the existing controls are not operating effectively.
53. We note that internal audit continue to report weaknesses in departmental controls over purchasing and creditors. One 2009/10 review is still to be reported. We will review the findings to determine whether detailed testing will be required at the year-end.
54. Where internal audit have tested key controls and they are operating effectively we will restrict our year-end testing in these areas. Where the key controls have not been tested by internal audit or are not operating effectively, or if the files are not available for review in time, we will include detailed testing on these areas within our year-end audit programme.
55. It should be noted that we can rely fully on the work of internal audit without necessarily gaining full assurance on the controls in place. For example internal audit may not have tested the key controls within their review or may conclude that from controls tested the audit results do not provide full assurance that the controls are operating effectively. Where either scenario is reported we will consider the implications for our testing for the year-end audit.
56. We have summarised our assurance gradings in Table 2. Table 3 details the level of assurance assessed for each of the main systems we reviewed and tested as part of our financial control evaluation work. For areas to be covered by internal audit that we have still to review, we have assessed that substantial assurance on the controls tested can be assumed at this point. Our assurance levels will be updated once all of the internal audit review and financial control testing has been completed.
57. We will report the extent of our actual reliance on internal audit's work and the level of assurance gained in our annual report.

### Financial Control Evaluation

58. We have carried out a high level review of the key controls for the Council's main financial systems and carried out walkthrough tests to confirm that our understanding of these systems and the control environment is accurate. We have tested key controls up to the date of our review for all systems not tested by internal audit.
59. The systems reviewed were the Main Financial Ledger, Payroll, Debtors and Creditors ledgers, Cash and Bank, Treasury Management, Fixed Assets Register, Non Domestic Rates, Council Tax, Housing Rents and Council Tax and Housing Benefits.
60. We used CIPFA's Hazard Identifiers to aid our documentation of the system and existing controls. Where we identified control weaknesses we have highlighted them on the control sheets. Council officers have confirmed the factual accuracy of the documented controls.
61. Further testing will be carried out at the start of our year-end audit, to confirm that the key controls have continued to operate in the period between our audit visit and the end of the financial year.
62. The evaluation of Fixed Assets and Capital Accounting controls was restricted as most of the work in this area is carried out as part of the year-end procedures. We therefore plan to carry out detailed testing during our year-end audit.
63. We have identified the key controls upon which we plan to rely for our financial statements audit. Where the expected key controls exist and are operating effectively we plan to take assurance from this and restrict our year-end audit testing.



## 4. Interim Audit Work

### Financial Control Evaluation (Cont'd)

64. We are pleased to report that for the main systems reviewed, the majority of the expected key controls appear to be in place. The main issues identified during our testing are noted below. Recommendations which should help to strengthen internal controls are included in the Action Plan at Appendix I, together with further detail of our audit findings.
- Weekly sales invoice and credit note reports issued by Finance should be retained by departments and reviewed by employees independent of those directly involved in raising the invoice / credit note.
  - All journal entry forms should be fully authorised and filed with adequate supporting documentation. Where the supporting documentation is too large to put on file the journal entry form should provide contact details for the individual retaining the supporting documentation.
  - Reconciliations between the cash receipting system and the non-domestic rates and council tax systems should be completed on a timely basis and record when and who completed and reviewed them.
  - The Housing Benefit / Council Tax Benefit system reconciliations to the main accounting system should be completed on a timely basis. In addition, the Benefit system reconciliations to the rent system should record evidenced as to who reviewed these and when.
65. During our fieldwork we identified that the Council, as in prior years, do not prepare bank reconciliations for April and May. The first bank reconciliation for the financial year is performed in June and this includes April and May transactions. The Head of Finance previously stated that there were controls in place to mitigate the risks associated with not performing bank reconciliations in these months (see Appendix II, page 26). We reviewed the controls in place and found them to be sufficient and operating effectively; as a result no further recommendation has been made within this report.
66. The results from our evaluation have been considered in terms of the impact on the financial statements audit and on our audit opinion. We grade the level of assurance we can take using the following basis:

**Table 2: Assurance Grading**

<b>Assurance Opinion</b>	<b>Assurance Description</b>
Full Assurance	There is a sound system of control designed to achieve the system objectives (this may be subject to completing some control testing in the period up to the year-end).
Substantial Assurance	While there is a basically sound system there are some weaknesses that put some system objectives at risk.
Limited Assurance	Weaknesses in the system of controls are such as to put the system objectives at risk or controls only operate or will only be reviewed at the year-end.
No Assurance	Control is generally weak leaving the system open to significant error or abuse.

## 4. Interim Audit Work

### Financial Control Evaluation (Cont'd)

67. Where full or substantial assurance can be taken that the controls are operating effectively throughout the year within each of the main financial systems, we limit our testing at the financial statements audit phase. Where limited or no assurance can be taken on the main financial systems then we expand our detailed testing during the year-end audit.
68. The following table details the level of assurance we expect to take from our overall financial control evaluation of the main financial systems. A small amount of testing has still to be completed, to confirm that the key controls continued to operate for the full year. This work will be carried out at the start of our year-end audit.

**Table 3: Assumed Level of Assurance**

Main System	Level of Assurance
Main Financial Ledger	Substantial
Budgetary Control	Substantial ②
Payroll	Substantial ③
Debtors and Income	Substantial
Creditors and procurement	Substantial (see para 53)
Cash & Bank	Full ①
Treasury Management	Full ①
Fixed Asset Register	Limited (see para 61)
Council Tax	Substantial
Housing Benefit / Council Tax Benefit	Substantial
Housing Rents	Full ①
Non Domestic Rates	Substantial

① No issues identified during our testing of the period April 2009 to January 2010. The level of assurance will be re-considered following completion of control testing for February and March 2010.

② No issues identified during our testing of the period April 2009 to January 2010, however, Internal Audit report 09/08, Neighbourhood Services Budgetary Control, includes three level 1 recommendations. Working paper file to be reviewed.

③ No issues identified during our testing of the period April 2009 to January 2010. However, we have assumed significant assurance until we have reviewed the internal audit report and working paper file.



## 4. Interim Audit Work

### Reliance on the Council's Controls

69. We expect to rely on the following key controls for our year-end audit.

**Table 4: Key Controls**

Main Financial Ledger	Final trial balance squares and reconciles to the final ledger prints. Audit trail tracks final ledger balances to key figures in the accounts. Back-up is maintained for all significant journal entries. All key control accounts (including VAT and Payroll Control accounts, Purchase Ledger Control, Sales Ledger Control) reviewed on a regular basis. All suspense accounts reviewed and cleared at the year end.
Budgetary Control	All significant variances and virements from the final approved budgets for the year are fully explained and have been reported to the Council regularly throughout the year. Reconciliation is provided detailing all significant virements from the original to the final approved budget.
Payroll and Pensions	All changes to payroll standing data, including new starts and leavers during the year, have been properly authorised. All payroll payments to staff have been made to bona fide employees of the Council and all deductions have been properly accounted for. All key payroll and pension accounts codes within the main ledger are regularly monitored and all payroll control accounts are regularly monitored.
Debtors and Income	All goods and services provided by the Council during the year properly authorised and invoiced or accrued by the year-end. All other income due to the Council properly accounted for. Cash received has been promptly banked intact and accounted for as Cash in the Debtors Control Account or as miscellaneous income. Debtors Control Account is reconciled with outstanding Debtor balances. Regular debt monitoring and recovery action. Authorised listing of bad debts written off for the year and full details of provisions made at the year-end.
Creditors and Procurement	All goods ordered are properly authorised, matched with goods delivered and agreed to suppliers' invoices prior to payment being authorised. The Council's procurement policies are followed. Tendering arrangements in the Council's financial regulations are followed for all significant contracts. Creditors Control Account balance is regularly reconciled throughout the year with outstanding creditor balances.
Cash and Bank	All main bank and cash imprest accounts reconciled regularly throughout the year and reviewed by appropriate staff. Final bank reconciliation for the main account reconciled to balance on bank statement at year-end. All significant outstanding transactions agreed to after date bank statements. All income received is processed and banked timeously in full. The cashiering system and the financial and other ledgers are correctly updated. All cheques and BACs runs are properly authorised and accounted for in the correct period.



## 4. Interim Audit Work

### Reliance on the Council’s Controls (Cont’d)

69. Continued

**Table 4: Key Controls (Cont’d)**

Treasury Management	All loans funds transactions, including advances, repayments and interest, were properly authorised and are supported by the appropriate documentation held by the Treasury Management Team.
Non Domestic Rates	All amendments to the property masterfile are supported by Tayside Joint Valuation Board documents. Updated parameters are independently checked to ensure these are correct. Checks are in place over the accuracy and completeness of billing. Refunds are authorised appropriately. Exemptions and reliefs are supported with adequate documentation. Cash received in the cash receipting system is reconciled to cash per the non-domestic rates system. The non-domestic rates system balances are reconciled to the main accounting system balances at the year end.
Council Tax	All amendments to the property masterfile are supported by Tayside Joint Valuation Board documents. Updated parameters are independently checked to ensure these are correct. Checks are in place over the accuracy and completeness of billing. Refunds are authorised appropriately. Exemptions and discounts are supported with adequate documentation. Cash received in the cash receipting system is reconciled to cash per the council tax system. The council tax system balances are reconciled to the main accounting system balances at the year end.
Housing Rents	All amendments to the property masterfile are independently checked to supporting documentation. Updated rent charges are independently checked to ensure these are correct. Void properties are monitored. Cash received in the cash receipting system is reconciled to cash per the housing rents system. The housing rents system balances are reconciled to the main accounting system balances at the year end.
Housing Benefit / Council Tax Benefit (HB/CTB)	Regular staff training on changes to HB/CTB regulations. Quality checks on input to the HB/CTB system. Updated parameters are agreed to relevant HB/CTB circulars. Payment runs are reviewed for high value payments. Reconciliations are undertaken between the HB/CTB system and the rent system, council tax system and the main accounting system.
Segregation of Duties	Appropriate segregation of duties is maintained throughout the Council, including payroll processing and cheque and BACs runs.
System Access	Appropriate system access controls in place for all of the above systems.



## 4. Interim Audit Work

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### Corporate Governance

70. In September 2008, the Strategic Policy committee approved arrangements to revise the Local Code of Corporate Governance and agreed that the revised code would be operative from 1 April 2009. The revised code was approved by the Strategic Policy committee in March 2009. By March 2010, the Publications page of the Council's website had not been updated and still linked to the 2005 Local Code of Corporate Governance. Following discussions with management, the website has been updated.
71. The Scrutiny & Audit sub-committee was established in June 2009 as a sub-committee of the Strategic Policy committee. Its remit incorporates the remits of the former Audit sub-committee and the Monitoring Group. The Council agreed in June 2009 that consequential changes to Standing Orders and the Order of Reference of Committees should be made. To date, there has been no change to these documents, which were last revised in November 2008. We understand that revised Standing Orders will be presented to the Council by June 2010.
72. Our 2008/09 Financial Statements Audit Plan included recommendations that two revisions be made to Financial Regulations to ensure they remain fit for purpose and comply with current best practice. The Head of Finance agreed to capture these changes at the next review of the Financial Regulations. Although the substance of the changes has been agreed by the Head of Finance the revisions have still to be formally reflected in the Council's Financial Regulations. We understand that a revision to Section 16 (Contract Arrangements) is ongoing and that the amendments agreed in our 2008/09 Action Plan (Appendix II) will be included as part of that process. The updated Financial Regulations will be presented to the Council by June 2010.

### Letters of Assurance and Confirmation

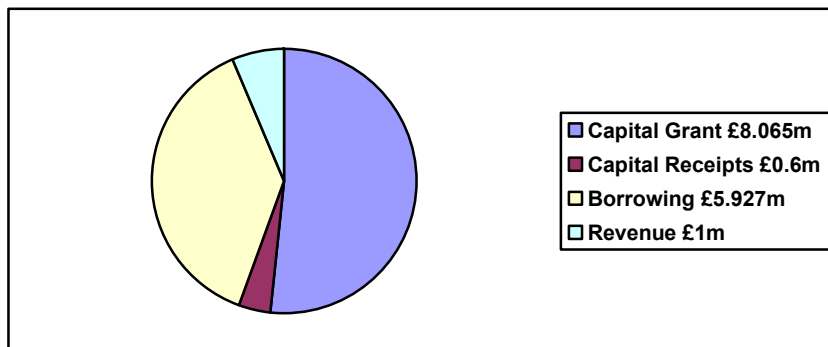
73. In accordance with Audit Scotland's guidance we have written to the Treasurer and the External Auditor of Tayside Valuation Joint Board to seek assurances in relation to the valuation services provided by the Board to the Council.
74. The Treasurer has confirmed that she is not aware of any significant weaknesses in the Board's systems that would give rise to material errors or misstatements in the valuation services provided to the Council. We will seek assurance from the Board's External Auditor before concluding our audit.

## 4. Interim Audit Work

### Financial Position

75. The latest revenue outturn report, based on ledger figures at 28 February 2010, forecasts an overall underspend of £2.632 million against the revised net budget of £251.343 million. Carry forward requests totalling £1.877 million were approved by the Strategic Policy Committee in February 2010, reducing the net underspend to £0.755 million. As in previous years, staff slippage is the main factor for departmental underspends.
76. Social Work and Health are predicting overspends on Property Costs (£0.211 million) and third party payments (£0.845 million), but these are offset by underspends on staff costs (£0.566 million) and higher than anticipated income (£0.347 million). The department is also projecting an underspend on capital financed from current revenue (£0.260 million).
77. Within Infrastructure Services, Roads are predicting overspends on Winter Maintenance (£0.630 Million) and Emergency Repairs (£0.120 million), due to the severe weather conditions over the winter. Funding has been identified from the Roads and Transport Renewal & Repairs Fund (£0.182 million), underspends within other divisions of Infrastructure Services (£0.225 million) and capital underspends (0.070 million). Additional funding, to a maximum of £0.273 million, is available from the 'provision for additional burdens' within the Miscellaneous Other Services budget.
78. The Housing Revenue Account is projecting a breakeven position at the end of the financial year, although there are a number of over and underspends across various budget heads.
79. The Council's capital budget for 2009/10 is £26.847 million gross (£17.875 million net). The projected year-end position, based on expenditure to 28 February 2010, is £23.604 million gross (£15.592 million net), an underspend of £3.243 million gross (£2.283 million net) against budget. Funding sources for the projected net expenditure of £15.592 million are detailed in Table 5.

**Table 5: Capital funding 2009/10**



80. On a gross expenditure basis, the major underspends are forecast by Education (£1.321 million), Roads (0.897 million) and Environmental Management (£0.731 million). The closure of the main contractor for the refurbishment project at Websters High School (Education), has resulted in slippage of £0.744 million on this project. Officers anticipate that £0.480 million of Roads expenditure funded from the Renewal and Repair Fund will slip into 2010/11, as a result of reprioritising work in light of the severe winter weather. There has been slippage of £0.471 million on the Restenneth Landfill Site project (Environmental Management), primarily as a result of the unexpected extension of delivery timescales.
81. We will consider the impact of these variances against the budgets in determining the higher risk areas for our financial statements audit. We will review the final position during our year-end audit and will also review the overall movement and final balances on the Council's reserves. This is an area that Audit Scotland will require us to comment on in our Annual Report.



## 5. Issues for the Year-End Audit

### Specific Risk Areas

82. Our Annual Plan highlighted a number of business and audit risk areas some of which may impact upon the financial statements and the audit opinion. For the purposes of the specific year-end planning we have identified some national and local issues that we have assessed as higher risk for the preparation and audit of the Council's financial statements. These are set out in tables 6 and 7 below.

**Table 6: National Issues**

FRS 17 Pension Funds Liabilities	The impact of changes to the pension funds' regulations needs to be considered. Ensure disclosures are as required for 2009/10.
Equal Pay and Single Status	Provision and disclosure in the accounts relating to equal pay claims and implementation of the new terms and conditions under single status.
Non Domestic Rates (NDR)	NDR are collected by the Council as an agent on behalf of central government and should be accounted for accordingly.
Whole of Government Accounts	The deadline for completing the audited return has been brought forward to 30 September 2010. Arrangements need to be put in place to ensure that this deadline is achieved.
Accounting for PFI projects	Accounting treatment for PFI and similar contracts is no longer based on FRS 5 but on an interpretation of IFRIC 12 Service Concession Arrangements contained in the Government's Financial Reporting Manual. Appropriate disclosures to be made in the financial statements.
International Financial Reporting Standards (IFRS)	The Council will need to restate 2009/10 comparative information onto an IFRS basis, and disclose a restated 1 April 2009 IFRS-based balance sheet. From initial discussions, the Council are making progress in preparing for full IFRS implementation.

**Table 7: Local Issues**

Capital Funds and other funds and reserves	Compliance with the statutory regulations relating to the use of all funds and reserves and appropriate disclosure in line with the SORP.
Capital accounting entries.	Appropriate entries to be included in the accounts for acquisitions, disposals, revaluation, depreciation, leased assets, intangibles, deferred grants, fixed assets financed from current revenue (CFR).
Capital Retentions	Consideration should be given to disclosing a liability for capital retentions.
Debtors and Creditors	Appropriate action should be taken to review balances that have not changed for a number of years, to confirm whether or not a liability exists. Appropriate action should be taken to review long-standing balances within Archimedes creditors.
Significant Trading Operations	Requirement to break even over a rolling three year period. The Head of Finance is reviewing the Council's Significant Trading Operations (STOs), which may result in a reduction in the number of STOs in future years.
Statement of Total Gains and Losses	Any 'other' gains / losses should be fully reconciled.
Accounts to meet the SORP disclosure requirements in all material aspects.	Early use of CIPFA's Disclosure checklist to ensure compliance.



## 5. Issues for the Year-End Audit

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### Specific Risk Areas (Cont'd)

83. At the start of our year-end audit we will meet with the Head of Finance and his team to discuss these issues and will update our planning to take account of any further issues that have arisen during the accounts preparation process.



# Appendix I - Action Plan

<b>1. Debtors and Income</b>				
<b>Control Objective:</b> To ensure all sales invoices and credit notes raised are accurate.				
<b>Key Control:</b> Weekly sales invoice and credit note reports prepared by Finance are reviewed by staff within the relevant departments who are independent of those involved in raising the sales invoice / credit note.				
Observation	Recommendation	Management Response		
An 'invoice and credit notes produced' report is sent to departments each week. The report should be reviewed by staff with no direct responsibility for input. As part of our financial control evaluation work we contacted five departments, Education, Social Work, Property Services, Cultural Services and IT, to discuss the process for reviewing the sales invoice / credit note reports. The Education department advised that due to time constraints these reports were not reviewed. For the remaining departments we sought to review a report from each month of the financial year (up to January 2010). However IT, Property Services and Cultural Services were not always able to locate a report for the week selected for testing. Discussions with staff highlighted that reports were often shredded once they had been reviewed. Our fieldwork also highlighted that the reports sent to IT and Property Services were not always reviewed by an individual independent of those raising the sales invoice / credit note.	Weekly sales invoice and credit note reports issued by Finance should be retained by departments and reviewed by employees independent of those directly involved in raising the invoice / credit note. Evidence should be retained to confirm that the review has been carried out.	<p>Memorandum to be issued by Head of Finance to departments in accordance with the recommendation.</p> <p>Reports are currently sent in paper format to departments. Electronic distribution to be investigated to facilitate ease of review and retention by departments will be undertaken post the final accounts process.</p> <p><b>To be actioned by: Finance Service Manager Team 3 (Gillian Woodcock)</b> <b>No later than: 30 June 2010</b></p>		
		<table border="1"> <tr> <td>Grade</td> <td>B</td> </tr> </table>	Grade	B
Grade	B			

## Appendix I - Action Plan

2. General Ledger				
<p><b>Control Objective:</b> To ensure transactions are properly authorised and appropriate supporting documentation provided.</p> <p><b>Key Control:</b> All journal forms should be signed by the departmental budget holder and the Finance Service Manager and appropriate supporting documentation should be provided.</p>				
Observation	Recommendation	Management Response		
<p>We selected 20 journal forms at random and identified two instances where there was no supporting documentation attached to the journal. The journal form did not give details of where the supporting back-up was held, however we contacted the accountant who was able to provide us with the relevant supporting documentation. We also identified two instances where the journal form had not been signed by the departmental budget holder.</p>	<p>All journal entry forms should be fully authorised and filed with adequate supporting documentation. Where the supporting documentation is too large to put on file the journal entry form should provide contact details for the individual retaining the supporting documentation.</p>	<p>This recommendation was addressed through the provision of additional guidance issued to accountants on 30 April 2010.</p> <p><b>To be actioned by: Finance Service Manager Team 3 (Gillian Woodcock)</b></p> <p><b>No later than: 30 April 2010</b></p>		
		<table border="1"> <tr> <td>Grade</td> <td>B</td> </tr> </table>	Grade	B
Grade	B			

## Appendix I - Action Plan

3. Council Tax / Non-Domestic Rates				
<p><b>Control Objective:</b> To ensure that the relevant records and accounts are updated to record payment transactions.</p> <p><b>Key Control:</b> Cash receipts reconciliations are performed, reviewed and authorised timeously each month.</p>				
Observation	Recommendation	Management Response		
<p>The incomes team prepare monthly reconciliations between the Council Tax and Non-Domestic Rates systems, the cash receipting system and the bank statements. Completion and review of these reconciliations is a key control.</p> <p>A summary sheet is maintained which shows the names of the individuals performing and reviewing the reconciliations. It was noted that for three separate months during the year that, although the reconciliation had been performed, the summary sheet had not been signed by the individual preparing the reconciliation and / or reviewing it.</p> <p>During the year a delay of up to three months was noted in preparing these reconciliations</p>	<p>The reconciliations summary sheet should be signed and dated by the individual performing the work and also by the person performing an independent review.</p> <p>Reconciliations should be completed timeously in order for management to identify any differences and to undertake investigations in a pro-active manner.</p>	<p>The relevant staff have been reminded to ensure that all paperwork should be correctly signed and that the scanned versions of documents should show the signatures.</p> <p><b>To be actioned by: Carla Barrowman</b> <b>No later than: 1 June 2010</b></p> <p>Delays arose due to staff long term sickness absence. This situation has now been resolved.</p> <p>A review of the reconciliation procedures has been scheduled with a view to streamlining the process and minimising the resource required, where this is possible. Priority will be given to ensuring that reconciliations are completed timeously.</p> <p><b>To be actioned by: Carla Barrowman</b> <b>No later than: 15 June 2010</b></p>		
		<table border="1"> <tr> <td>Grade</td> <td>B</td> </tr> </table>	Grade	B
Grade	B			



## Appendix I - Action Plan

4. Housing Benefit / Council Tax Benefit				
<p><b>Control Objective:</b> To ensure that the HB/CTB system is reconciled to the Council's Rents system, Council Tax system and General Ledger.</p> <p><b>Key Control:</b> Reconciliations between the HB/CTB system and the other systems are performed, reviewed and authorised timeously each month.</p>				
Observation	Recommendation	Management Response		
<p>Our audit testing identified that reconciliations of the HB/CTB system to the general ledger were not carried out timeously. As at the end of February 2010, the most recent reconciliation completed was up to October 2009. Completion and review of reconciliations is a key control.</p>	<p>Reconciliations should be completed promptly in order for management to identify any differences and to undertake investigations in a pro-active manner.</p>	<p>The delay in finalising some reconciliations during 2009/10 arose due to a one off staffing resource issue within Finance Services. This necessitated other priorities being addressed first. This issue has now been resolved.</p> <p>Ongoing reconciliations will be closely monitored to ensure that wherever possible they are completed promptly.</p> <p><b>To be actioned by: Council Tax &amp; Benefits Manager (Graham Ritchie)</b></p> <p><b>No later than: 1 June 2010</b></p>		
<p>The reconciliations of the HB/CTB system to the rents system should be reviewed by an independent member of staff. During our audit, we found no evidence to confirm that the review had been carried out. The only signature witnessed was that of the individual carrying out the reconciliation.</p>	<p>Reconciliations performed should be signed and dated by the individual performing the work and also by the member of staff performing an independent review.</p>	<p>The Benefits Section Head will now independently review, sign &amp; date the reconciliations.</p> <p><b>To be actioned by: Council Tax &amp; Benefits Manager (Graham Ritchie)</b></p> <p><b>No later than: 1 June 2010</b></p>		
		<table border="1"> <tr> <td>Grade</td> <td>B</td> </tr> </table>	Grade	B
Grade	B			

## Appendix I - Action Plan

5. Standing Orders and Financial Regulations				
<p><b>Control Objective:</b> To ensure that revised Standing Orders and Financial Regulations remain fit for purpose and comply with current best practice.</p> <p><b>Key Control:</b> Standing Orders reflect current governance arrangements.</p>				
Observation	Recommendation	Management Response		
<p>The Scrutiny &amp; Audit sub-committee was established in June 2009 as a sub-committee of the Strategic Policy committee. Its remit incorporates the remits of the former Audit sub-committee and the Monitoring Group. The Council agreed in June 2009 that consequential changes to Standing Orders and the Order of Reference of Committees should be made. To date, there has been no change to these documents, which were last revised in November 2008.</p>	<p>Standing Orders and the Order of Reference of Committees should be updated to include the remit of the Scrutiny and Audit sub-committee.</p>	<p>Work to review the Standing Orders and Order of Reference of Committees has been undertaken over the last couple of months and the outcome of this work (which will capture the Scrutiny &amp; Audit Sub-Committee changes) will be reported to the full Council by June 2010.</p> <p><b>To be actioned by: Director of Corporate Services (Colin McMahon)</b>  <b>No later than: 30 June 2010</b></p> <table border="1"> <tr> <td>Grade</td> <td>A</td> </tr> </table>	Grade	A
Grade	A			



## Appendix I - Action Plan

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The priority ranking helps management assess the significance of the issues raised and prioritise the action required to address them. The ranking structure is summarised as follows:

<b>Ranking</b>	<b>Definition</b>
A	Fundamental issues which require the urgent consideration of senior management.
B	Significant matters which require the attention of line management.
C	Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.



## Appendix II - 2008/09 Action Plan Updated

<b>1. Cash and Bank</b>			
<b>Control Objective: To ensure that all transactions are recorded and processed timeously and accurately.</b>			
<b>Key Control: Bank reconciliations are prepared, reviewed and authorised timeously each month.</b>			
<b>Observation</b>	<b>Recommendation</b>	<b>Management Response</b>	<b>Progress to date</b>
<p>No bank reconciliations were completed in April and May 2008, but the reconciliations were incorporated in the work for June 2008. The bank reconciliation for August 2008 was not completed until October 2008. Bank reconciliations for the remaining months (up to December 2008) had been completed timeously.</p> <p>Our 2007/08 also identified that the April and May reconciliations were incorporated with the work for June and the management response to our recommendation is included at Appendix II.</p> <p>As this is a key control, we are bringing it to your attention again. There is a risk that any delay in identifying and resolving reconciling items could result in errors in the financial statements.</p>	<p>Completion and review of bank reconciliations is a key control, which should be completed and evidenced timeously each month, with adjusting reconciling items being processed timeously.</p>	<p>A full bank reconciliation is not prepared until June each year. This is due to two factors: the time pressures associated with the annual accounts which the team undertaking the bank reconciliation is heavily involved with; the adjustments that are made to the bank code for interdepartmental invoices up to May which do not allow a full reconciliation until they have been completed.</p> <p>It should, however, be noted that although a full bank reconciliation is not produced until June, daily checks are performed during the intervening period on all transactions that impact onto the council's bank accounts. This process involves: daily downloads of all the transactions through the council's Clydesdale and Bank of Scotland accounts; input of this data downloaded to the cheques database, the Misc Income system and the Non-cheque Debits database; a daily summary of these transactions is subsequently produced which is reconciled to the summary of balances on all the council's bank accounts.</p> <p>All three of the systems noted above are checked on a daily basis to ensure: cheques cashed are reconciled against cheques issued; income and expenditure transactions are coded and/or allocated based on vouchers/remittances/income returns; any queries on transactions that can't be allocated are taken up with the applicable bank on the day that they are discovered.</p> <p>I am confident that the procedures outlined above addresses the risk of erroneous transactions in the council's bank accounts not being detected in the absence of a full bank reconciliation not being carried out during this period.</p> <p>With regard to the August bank reconciliation it can be noted the dates evident on the system reports that bank reconciliation for this period was undertaken timeously. However, due to an oversight it was not formally signed off until October.</p> <p><b>To be actioned by: Not Applicable</b> <b>No later than:</b></p>	<p>Bank reconciliations for April and May are not performed. These reconciliations continue to be incorporated in to the bank reconciliation for June. During our fieldwork we reviewed the controls identified by the Head of Finance as mitigating the risk involved with not preparing bank reconciliations for April and May. Overall we found the controls in place to be sufficient and operating effectively, as such no further recommendation has been made within this report.</p>
		<b>Grade</b>	<b>B</b>



## Appendix II - 2008/09 Action Plan Updated

2. General Ledger			
<p><b>Control Objective:</b> To ensure that transactions are properly authorised. To ensure that transactions are calculated / valued and allocated correctly.</p> <p><b>Key Control:</b> All journal forms should be signed by the departmental budget holder and by the Finance service manager.</p>			
Observation	Recommendation	Management Response	Progress to Date
<p>We reviewed a sample of 20 journal entry forms. All had been authorised by one of the Finance service managers, but two had no departmental authorisation signature. This is an improvement on 2007/08, when we found that four journals from sample of 20 had no departmental authorisation and six did not have back-up attached.</p>	<p>All journal entry forms should be fully authorised.</p>	<p>An email will be circulated amongst accounting staff to remind them of the need to ensure journals are suitably authorised.</p> <p><b>To be actioned by: Senior Service Manager (Finance Services)</b></p> <p><b>No later than: 30 June 2009</b></p>	<p>We are able to confirm that an e-mail was sent by the Finance Service Manager to accounting staff reminding them of the need to provide back-up to journals.</p> <p>Audit work in 2009/10 identified similar findings.</p> <p><b>Auditors Comments:</b> This has been included again in the 2009/10 action plan and will be followed up next year.</p>
		<p><b>Grade</b></p>	<p><b>B</b></p>



## Appendix II - 2008/09 Action Plan Updated

<b>3A. Standing Orders and Financial Regulations</b>			
<b>Control Objective:</b> to ensure that revised Standing Orders and Financial Regulations remain fit for purpose and comply with current best practice.			
<b>Key Control:</b> Standing Orders and Financial Regulations comply with statute.			
<b>Observation</b>	<b>Recommendation</b>	<b>Management Response</b>	<b>Progress to date</b>
<p>In the Financial Regulations approved in November 2008, Section 10, paragraph 3 has been revised to read "The Head of Finance shall.....ensure that the audited copy of the abstract (of accounts), together with the audit report, is laid before a meeting of the Council held not later than three months after the receipt of certification."</p> <p>Paragraph 6(1) of the Local Authority Accounts (Scotland) Regulations 1985 requires the abstract to be laid before a meeting of the Council held within two months of receipt.</p>	<p>Financial Regulations should be revised to include a requirement for the certified abstract of accounts to be laid before a meeting of the council not later than two months after the date of certification.</p>	<p>Regulations will be amended at their next review to correct this minor anomaly</p> <p><b>To be actioned by: Head Of Finance</b></p> <p><b>No later than: Unknown:</b></p>	<p>Change will be made in partial update to Financial Regulations in June 2010</p> <p>(See paragraph 72 of this report.)</p>
		<b>Grade</b>	<b>A</b>



## Appendix II - 2008/09 Action Plan Updated

<b>3B. Standing Orders and Financial Regulations</b>					
<b>Control Objective:</b> to ensure that revised Standing Orders and Financial Regulations remain fit for purpose and comply with current best practice.					
<b>Key Control:</b> Standing Orders and Financial Regulations comply with best practice.					
<b>Observation</b>	<b>Recommendation</b>	<b>Management Response</b>	<b>Progress to date</b>		
<p>Financial Regulations, Appendix 12 section 2D states: "the Common Good is a corporate property of the Council and therefore, at present, any borrowing that the Council undertakes on its behalf is secured on the rates and revenues of the authority as a whole. Accordingly, there would appear to be no advantage in specifically borrowing against the Common Good itself. In view of this, the Council's policy is that no borrowing in respect of the Common Good Fund Activities will be secured against the Funds themselves."</p> <p>In our opinion, this conflicts with the guidance note for practitioners issued by LASAAC in December 2007, which states:            "Loans may be raised by a Council on the security of its Common Good" (para 3.9) and            "the loans fund shall not apply to money borrowed for the Common Good" (para 3.14.</p>	<p>The Council should consider revising Appendix 12 of Financial Regulations to ensure that it does not conflict with guidance issued by LASAAC.</p>	<p>Regulations will be amended at their next review to correct this minor anomaly.</p> <p><b>To be actioned by: Head of Finance</b>  <b>No later than: Unknown at present</b></p>	<p>Change will be made in partial update to Financial Regulations in June 2010</p> <p>(See paragraph 72 of this report.)</p>		
		<table border="1"> <tr> <td><b>Grade</b></td> <td><b>A</b></td> </tr> </table>	<b>Grade</b>	<b>A</b>	
<b>Grade</b>	<b>A</b>				



## Appendix III - Acronyms

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BACS	Bankers' Automated Clearing Services
CFCR	Capital financed from current revenue
CIPFA	Chartered Institute of Public Finance and Accountancy
CTB	Council Tax Benefit
FRS	Financial Reporting Standards
HB	Housing Benefit
HRA	Housing revenue Account
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
ISA	International Standard on Auditing
IT	Information Technology
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
NDR	Non Domestic Rates
PFI	Private Finance Initiative (also known as PPP - Public Private Partnership)
SORP	Statement of Recommended Practice
STO	Significant Trading Organisation
VAT	Value Added Tax
WPRL	Working Papers Requested List