

**CARLISLE
CITY COUNCIL**



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ACCOUNTS COMMITTEE

Committee Report

Public

Date of Meeting: 7 March 2006

Title: STATEMENT OF ACCOUNTS 2004/05 – PROGRESS AND ACTION PLAN

Report of: Director of Corporate Services

Report reference: FS48/05

Summary:

This report provides Members with an update on progress with the 2004/05 Statement of Accounts. An action plan is also attached for consideration.

Recommendations:

Members are asked to:

- (i) Note the further details provided and the progress made on the issues raised by the Audit Commission.
- (ii) Approve the Statement of Accounts Action Plan.

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Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: Audit Commission report - Report on the 2004/05 Financial Statements to the Accounts. Accounts and Audit Regulations 2003; Working papers prepared by Carlisle City Council; Draft Statement of Accounts for Carlisle City Council 2004/05.

CITY OF CARLISLE

To: Accounts Committee
7 March 2006

FS48/05

STATEMENT OF ACCOUNTS 2004/05 – PROGRESS AND ACTION PLAN

1. INTRODUCTION

1.1 This report addresses the issues raised by the Accounts Committee on 15 February, who resolved:

- That the Director of Corporate Services revises (within the next three weeks) the Council's accounts to take account of the adjustments including those relating to the 2003/04 accounts.
- That the Director of Corporate Services be requested to report further to the Committee on progress with the Bank Reconciliation, together with an action plan to address the areas of concern identified by the Audit Commission.

1.2 As background information, the following reports including the ones referred to by the Audit Commission at the meeting on 15th February are attached elsewhere on the agenda. These reports form the background to the contents of this report and any outstanding actions from these reports are incorporated into the attached Action Plan:

- (i) Statement of Accounts 2003/04 – Audit Issues (report FS39/04) together with the minutes of the Corporate Resources Overview and Scrutiny Committee 22nd November 2004.

This report incorporates the 2003/04 SAS610 report of the Audit Commission and was presented to Corporate Resources Overview and Scrutiny Committee on 22nd November and full Council on 23rd November 2004. The statutory deadline for the completion of the Audit for the 2003/04 Statements was 30th November.

(ii) Review of Financial Statements 2003/04 – 19th November 2004

This report is received annually from the Audit Commission and there has never been a requirement to report it to Members, although I can ensure that this is done in future. The report is used internally within Financial Services to action improvements identified by the Audit Commission. The document contains 54 pages of recommendations the vast majority of which have been actioned. The small number of outstanding recommendations is included in the Action Plan attached to this report.

(iii) Annual Audit and Inspection Letter – 29th December 2004

This is a statutory report with a deadline of receipt from the Audit Commission of 31st December 2004. The draft report was considered by JMT on 23rd December (minutes attached) and the final report was received on 29th December. Unfortunately the impact of the 7th January floods resulted in the report not being reported to Members in January 2005 as originally intended, and it was not subsequently reported until 23rd February 2006. In terms of the financial and corporate governance aspects of the report however, these issues were reported to CRO&S (see report (i)) on 22nd November 2004.

(iv) Interim Report – Core Process Review – July 2005

This report was received in July 2005 when we had already completed the closure of the 2004/05 accounts and reported it to members. In accordance with the Audit Commission annual timetable, this work was due to be received from the Audit Commission in April 2005. Whilst accepting that the January floods caused disruption to this work, the previous years Interim audit work was also received late, and after the formal closure of the accounts. This has been discussed with the Audit Commission Manager and it is hoped that in future the deadline of April 2006 will be achieved so that points of action can be incorporated into the 2005/06 Accounts. Members are already aware that the deadline for closure of the 2005/06 Accounts is another month earlier i.e. 30th June 2006 and so it is imperative that deadlines on both sides are adhered to.

(v) Working Paper Requirements – April 2005

This is the list of working paper requirements received annually from the Audit Commission (see further information in paragraph 2.5 (i))

(vi) Statement of Accounts 2002/03 - SAS610 Statement

This report incorporates the 2002/03 SAS610 report of the Audit Commission and was presented to Corporate Resources Overview and Scrutiny Committee on 1st April 2004. The statutory deadline for the completion of the Audit for the 2003/04 Statements was 31st December 2004, however the opinion was delayed due to audit queries in connection with the accounting treatment of the LSVT process.

2. 2004/05 STATEMENT OF ACCOUNTS - PROGRESS

2.1 The Audit Commission report to Members on 15th February picked up on specific issues and progress on these issues is set out below.

2.2 **Draft Unadjusted misstatements** – the non-material misstatements have now been adjusted as set out in Appendix 2 of the Audit Commission report including those identified in previous years accounts as per members' request at the Accounts Committee on 15th February 2006. Some of the figures included in that Appendix have been amended (as agreed with the auditors) to ensure that a balanced set of accounts can be produced. The amended statements will be submitted to the Audit Commission on 27th February. It is proposed that in future all non-material as well as material misstatements will be amended. This will be an additional workload for the finance staff but will avoid future confusion with the Audit Commission (although it should be noted that the misstatements will still need to be categorised separately for the purpose of reporting)

2.3 **Draft Adjusted material misstatements** – the material misstatements have now been adjusted and the amended statements will be submitted to the Audit Commission on 27th February. Further information on the material issues that were specifically mentioned in the Audit Commission report are as follows:

- **Flooding Costs** – the issue was that these costs had been included in the 2004/05 accounts on a cash rather than accruals basis (i.e. the cost to the Council was overstated in 2004/05 and there would have been a corresponding understatement in 2005/06). This has been adjusted. It is important to note that the overall cost of the flood has not been miscalculated and at this stage, the total estimated cost to the Council is anticipated to remain within the £1m specifically allocated. Further updates on flood costs will be given as part of the 2005/06 year-end reporting, however the final position will not be known until the Bellwin and Insurance claims have been finalised. The insurance claim and work on flood recovery will not be fully completed within the current financial year.
- **Cashflow Statement** – as set out in the Audit Commission report, adjustments of £4m have been required to this statement. To try to put this matter into context, members may find the following explanation given by the Audit Commission in their report on the 2003/04 Accounts (refer to para. 1.2 (i)), which was considered by Members in November 2004 useful:

Quote - 'The cashflow statement has no impact on reserves or the bottom line. It is included in the statement of accounts to show cash movements in the year. This will not be the same as the revenue account as this is prepared to show amounts relating to the financial year which is not always the same as when amounts are paid. An example of this is an electricity bill due for January to March 2003 which is paid in June 2003. The revenue account would not include this bill as it relates to the last financial year, but the cash has been paid in the year and would be shown in the cashflow statement. Adjustments have been required for various lines on the cashflow statement to ensure that amounts received and paid in the year are shown accurately. This has no effect on any other parts of the accounts and no effect on the bottom line.'

For 2004/05 the nature of the adjustments required are similar to those required in 2003/04 i.e. the net cashflow in the year is correct but there have been changes required to the categorisation of income and expenditure within the statement. To satisfy Audit

Commission concerns, the completion of this statement needs to be given increased priority and this will be done. Discussions are taking place with Civica our financial information system supplier to try to produce system reports, which should reduce the considerable manual effort involved in this task.

- **Fixed Asset Valuations** – The Audit Commission have highlighted various errors totalling £2m. This includes one asset that has been duplicated in the asset register totalling £1.5m. In terms of overall materiality, it should be noted that the total asset value of the Council is £93m. All assets are re-valued on a five-year rolling programme and there is inevitably a degree of subjectivity over the valuation of an asset base of this value. Work is ongoing with the Property section to improve this area of work.

2.4 **Material Weaknesses** – This issue relates to the authority's bank reconciliation processes and a separate report is considered elsewhere on the agenda giving more information on this issue. Additional Audit Commission testing is being carried out, however no feedback has been received yet as to whether the additional evidence provided gives the Audit Commission the complete assurance they are seeking.

2.5 **Qualitative Aspects** – Further information is given below on the issues raised by the Audit Commission:

- (i) **Quality of supporting working papers:**
As stated in my previous report it is disappointing that the auditors feel that little progress has been made as considerable effort has been put into this aspect, albeit the improvements were hindered by the loss of previous years working papers in the flood. The working papers identified as requiring more work during 2003/04 are identified on page 3 of the Audit Commission report identified in paragraph 1.2 (ii). Improvements were made to all of the working papers identified (albeit the Analytical Review was not completed to the deadlines given). Clarification is currently being sought from the Audit Commission as to which working papers were not considered satisfactory for the 2004/05 audit and these will be incorporated into the action plan once received. Additional training for staff in other directorates will be provided to improve the standard of working papers and

supporting evidence across the Council. It should be noted that the standards of evidence required to support financial accounts is becoming ever more onerous as the public sector moves towards the International Financial Reporting Standards.

(ii) Priority given to preparing the financial statements by senior management:

Closure of the Council's accounts is one of the key pieces of work for financial services and it is given high priority. It has already been identified internally (as part of the process re-engineering to enable the earlier closure of the accounts) that too much priority is given to closing down the service department budgets, the carry forward requests and reporting this to Members. This does not leave sufficient time to apply the technical accounting aspects of the SORP in preparing the statutory statements. This imbalance is being addressed in the current years closure arrangements and service managers have been made aware on a number of occasions that they will not be given any extra time to get their year end adjustments to finance staff, thus enabling the closedown timetable to be strictly adhered to. Any consequential financial effect on future year's budgets of failing to get year-end adjustments in on time will be the responsibility of the relevant Director. The final accounts closedown timetable for 2005/06 will be monitored carefully by the Senior Management Team and SFPG.

(iii) Late closure for four successive years:

For information it would be useful for members to be reminded briefly of the main issues contributing to the late closure of accounts over the past four years:

- 2001/02 – The main delay was caused by queries relating to the technical accounting treatment of a loan from English Partnerships in connection with the acquisition of Kingmoor Park Properties. The District Auditor at the time delayed the audit opinion to enable further audit work to be carried out to satisfy their queries'. Resolution of the query involved further extensive discussions with the ODPM but the matter was eventually satisfactorily resolved and the Accounts were signed off without qualification.

- 2002/03 – The audit opinion delay was caused by queries relating to the technical accounting treatment of the Large Scale Voluntary Transfer of the Housing Stock undertaken by the authority in December 2002. Again the resolution of this issue involved extensive discussions with the ODPM but the issue was eventually satisfactorily resolved and the Accounts were signed off without qualification. The Audit Commission report for that year is attached as background information (see para 1.2 (vi)), and this report makes no specific mention of material weaknesses nor does it raise any concerns over qualitative aspects of the Council's accounting practices and financial reporting.
- 2003/04 – As stated in the Statement of Accounts 2003/04 Report (para 1.2 (i)), the report to members on 23rd November 2004 indicated that the deadline would be achieved. Subsequently to that report being considered, further queries from the Audit Commission regarding the compliance of the Statement of Internal Control (SIC) were raised and the Audit Commission requested that the SIC be re-written. Given the short timescale, this could not be achieved in the few days remaining to sign off the audit and so the deadline was missed, albeit the Accounts were signed off without qualification
- 2004/05 – As set out in the report. The main issue has been the evidence supporting the bank reconciliation. No decision has yet been made as to whether the Accounts will be signed off without qualification.

- (iv) Finance staff being unable to provide suitably amended accounts without significant additional and extensive consultation from the Audit Commission:
- The Audit Commission have acknowledged that the authority has worked hard to produce further supporting evidence to answer audit queries. The finance staff involved are highly skilled and experienced in this work and the additional assistance required from the Audit Commission related principally to clarification of exact audit requirements and also the requirement to utilise Audit Commission working papers from

2003/04 as ours had been lost in the flood. Finance staff have been under significant pressure this year due to the impact of losing their offices and working papers in the January floods, together with the other impacts of the aftermath of the floods. In addition there was the requirement to close the accounts a month earlier and also the impact of closing down the accounts using a new financial ledger system. Attempts to get additional temporary resources to manage the position have been largely unsuccessful due to the specific technical expertise required and very steep learning curve, and in the main existing staff have worked additional hours to manage the workload. However, additional resources will be recruited to help finance staff improve the position. Additional resources have also been received from Civica, our financial information supplier and it is anticipated that this support will continue.

In addition to the above, an independent review by IPF (the commercial arm of CIPFA) will be commissioned of our financial reporting processes and systems.

3. ACTION PLAN

3.1 At the previous meeting Members requested an Action Plan to address the issues of concern raised by the Audit Commission. This is attached at Appendix 1. The Plan covers the following main areas:

- (i) Issues arising from the Audit Commission Report on Financial Statements considered by the Accounts Committee on 15th February and as detailed in paragraph 2 above.
- (ii) Any outstanding issues from the Audit Commission Interim Report – Core process review received in July 2005. (see paragraph 1.2 (v)).
- (iii) Any outstanding actions from 2003/04 included in the Audit Commission report, Review of Financial Statements issued November 2004 (see paragraph 1.2 (ii)).

3.2 Any additional issues raised by the Audit Commission arising from past or future audit reports, and in particular the Interim Audit Commission Core Process Review due in April 2006 will be added to the plan as appropriate.

4. RECOMMENDATION

4.1 Members are asked to:

- (i) Note the further details provided and the progress made on the issues raised by the Audit Commission
- (ii) Approve the Statement of Accounts Action Plan.

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Director of Corporate Services

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Corporate Services
Carlisle City Council
16 February 2006
AB/CH

STATEMENT OF ACCOUNTS - ACTION PLAN (27th February 2006)

Key to Audit Commission reports:

- 1 Report on the 2004/05 Financial Statement to the Accounts Committee (February 2006)
- 2. Core Process Audit – Interim Report (July 2005)
- 3. Review of Financial Statements 2003/04 (November 2004)

Ref	Issue	Audit Commission Recommendation	Action	Risk (H/M/L)	Timescale
1	Draft Unadjusted (non-trifling) misstatements (See Appendix 2 to Audit Commission Report No 1)	To request the Accounts Committee to decide as to whether the adjustments are to be made.	The non-material misstatements have now been adjusted including those identified in the 2003/04 accounts as per members' request at the Accounts Committee on 15 th February 2006. The amended statements will be submitted to the Audit Commission on 27 th February. It is proposed that in future all non-material as well as material misstatements will be amended.	Low	27/2/06
2	Draft Adjusted material misstatements:- (See Appendix 3 to Audit Commission Report No 1)	To make the adjustments in the 2004/05 Accounts.	The material misstatements have now been adjusted and the amended statements will be submitted to the Audit Commission on 27 th February.	Low	27/2/06
3	Flooding (See Report No. 1 page 6)		The adjustments for 2004/05 have been made as included in 2 above. The issue is being left on the action plan as the flood work is a significant factor in the 2005/06 closedown and it will be monitored carefully to ensure the year end adjustments are accounted for correctly in 2005/06.	Medium	May 2006

Ref	Issue	Audit Commission Recommendation	Action	Risk (H/M/L)	Timescale
4	Cashflow Statement – as set out in the Audit Commission Report No 1, adjustments of £4m have been required to the 2004/05 statement. The nature of the adjustment has been a recurring issue (see recommendation 50 of Report No 3).		The adjustments have been made in the 2004/05 accounts as set out in 2 above. The completion of this statement is being given increased priority for 2005/06. Discussions are taking place with Civica our financial information system supplier to try to produce system reports, which should reduce the considerable manual effort involved in this task..	High	May 2006
5	Fixed Asset Valuations – as set out in the Audit Commission Report No 1, adjustments of £2m have been required to the 2004/05 statement. The nature of the adjustment has been a recurring issue (see recommendation 14 of Report No 3).		The adjustments have been made in the 2004/05 accounts as set out in 2 above. Discussions are underway with the Property section to improve this area of work for the 2005/06 Accounts and in particular the maintenance of the Fixed Asset Register. A Property database is under development. A specific action plan for this area of work will be developed.	High	May 2006
6	Bank reconciliation – as set out in the Audit Commission Report No 1, para 10, No 2, para R6 & R7, and No. 3 para 26.	To complete the reconciliation on a monthly basis. Also see recommendation R6 and R7 of Report No 2.	A decision on the 2004/05 reconciliation is awaited from the Audit Commission. The bank reconciliation to December 2005 is complete. Work is ongoing on the January 2006. This work will continue to be given top priority within the workload of the section. Monthly reconciliation's are being carried out.	High	Monthly ongoing
7	Quality of supporting working papers – as set out in the Audit Commission Report No 1 para 12 & 13, No. 2 para R5, R8, R14 and No. 3 page 3. Delays in receiving some information – as set out in the Audit Commission Report No 2, recommendation R14 and 16.	A senior member of the finance team, unconnected with the preparation of final accounts working papers should undertake and evidence a quality review before the information is presented for audit. This review should also be undertaken for other financial information to ensure errors such as that found in opening balances are identified and corrected.	The working papers identified during the previous year's audit to be improved have been improved. Confirmation from the Audit Commission on the number of working papers that require improvement following the completion of the 2004/05 accounts is awaited. Additional training for staff across the Council will be provided to improve the standard of working papers and supporting evidence across the Council. This training will become an integral element of the Management Dev.Training programme. A senior member of the finance team will undertake a quality check of working papers.	High	May 2006

Ref	Issue	Audit Commission Recommendation	Action	Risk (H/M/L)	Timescale
8	Priority given to preparing the financial statements by senior management – as set out in Audit Commission Report No 1 para 15, 16 & 17 and No. 2 para R5 & R14.	Higher priority to final accounts work should be given.	Re-engineering of the closedown process will continue and the time allocated to closing down the service department budgets, the carry forward requests and reporting this to Members will be reduced. This time will be used to apply the technical accounting aspects of the SORP in preparing the statutory statements. Service managers have already been made aware on a number of occasions that they will not be given any extra time to get their year end adjustments to finance staff – thus allowing the timetable to be strictly adhered to. The timetable will be monitored by SMT and SFPG.	High	March 2006 and ongoing
9	Late closure of accounts Audit Commission Report No 1 para 13, 15, 16 & 17 , No. 2 R15 & R21 and 3 page 3.		SMT and SFPG will regularly monitor the audit process. In addition, Members of the Accounts Committee will be updated on progress> it is considered that the first update could take place in April following the receipt of the Interim Audit Commission report due in April 2006.	High	April 2006 and ongoing

Ref	Issue	Audit Commission Recommendation	Action	Risk (H/M/L)	Timescale
10	Resources allocated to financial reporting. AC Report No 1 para 17, & No 2 para R5, R14, R15, R21.		Additional resources will be recruited to help finance staff improve the position. In addition support from IPF will be commissioned to provide an independent inspection and assurance of the Council's processes.	High	March 2006
11	Management and update of the Financial Guide needs to be reviewed to ensure that it reflects current financial and accounting and budgetary arrangements, and the Financial Services duties and responsibilities list should be brought up to date to reflect revised/new changes brought about by the new ledger system, staff changes and team structures. AC Report No.2 R3.	Full systems documentation and procedure manuals for the new financial management system to be prepared as set out in Audit Commission Report No 2, recommendation R3.	Work on these has taken place during the year. Debtors and creditors systems are complete. Further work will be carried out.	Medium	May 2006
12	Weakness was found with the quality of supporting documentation and review for journal entries. Reports 1 para 11-17 , No 2 R8, R14 , R16 & No. 3 page 3.	Journal authorisation, documentation and evidence of review needs to be improved.	Procedures have been reviewed and implementation is underway. Journal entries are not currently authorised by a senior member of staff, and from 2006/07 this will be done.	Low	April 2006
13	System amendment controls. AC Report 2 R9.	Exception reports should be run detailing all unusual attempts to access IT systems.	The reports that require to be produced will be discussed with the Head of ICT. A fundamental review of IT security is already underway.	Medium	May 2006

Ref	Issue	Audit Commission Recommendation	Action	Risk (H/M/L)	Timescale
14	Internal Audit recommendations concerning virements have not been implemented. AC Report 2 R11.	Internal Audit recommendations on virements to be implemented as soon as possible.	This recommendation relates to internal processing procedures and will be implemented prior to 31 st march.	Medium	March 2006
15	Not all budget monitoring reports show gross income and expenditure they show net expenditure. AC Report 2 R12.	Budget monitoring reports to the Executive should show gross income and expenditure, as showing only the net position can mask variances.	Plans in place to produce gross figures in Best Value Accounting Code of Practice format. Resources can be allocated to this once the backlog of work is fully cleared on the bank reconciliation problems.	Medium	June 2006
16	2003/04 interim report recommendations relating to budgetary control have not yet been fully implemented, inc the extension of budget monitoring reports to cover all revenue and balance sheet accounts as well as forecast outturn. Report 2 R13.	Audit recommendations should be regularly reviewed to ensure that all areas are addressed.	This requirement involves a significant resource and discussions are taking place with Civica to assist in the process.	Low	June 2006
17	Absence in the closedown plan of a risk assessment to identify high risk tasks. Start dates, lead times or timescale requirement not set out. No provision for a review of progress by Head of Finance included. Report 2 R15.	Improvements should be made to the closedown process to include a risk assessment, time allocations for tasks, and a review of working papers by the Head of Finance. Overall responsibility for each task should be clearly allocated to one member of staff.	Closedown plan is currently being reviewed and updated for the 2005/06 Accounts and will address the issues raised.	Medium	March 2006

Ref	Issue	Audit Commission Recommendation	Action	Risk (H/M/L)	Timescale
18	Delays in receiving some of the information needed for the interim visit – specifically: Most recent monitoring reports and control accounts reconciliations Notes detailing any changes to key personnel, control and systems. Closedown documentation. AC Report 1 para 11-17 , No.2 R16, & 3 page 3.	Future interim visits should begin with the receipt of the working papers detailed.	The delays last year were caused by the impact of the flood. In future the Interim report papers will be provided as required. Timely receipt of the interim audit work is essential for the actions to be incorporated in the Accounts.	High	April 2006
19	The links between the quality of the final accounts and working papers and the judgements necessary for our Use of Resources work should be considered by the authority. AC Report 2 R20.	The authority should consider the links between the quality of the final accounts and working papers and our Use of Resources work later in the year.	Use of Resources Action Plan will be finalised and monitored/implemented following receipt of the Audit Commission's judgement on the Use of Resources due in March 2006	Medium	April 2006.

Ref	Issue	Audit Commission Recommendation	Action	Risk (H/M/L)	Timescale
20	<p>The control value for the customer advice centre is £940k. The project consists of a mix of consultancy services alongside the provision of software and IT hardware products. However, the contract documentation whilst listing in detail the key outputs of the project does not assign financial values to the various elements of the contract. In order to facilitate the subsequent capitalisation and disclosure of project costs within the financial statements and asset records, as well as the calculation of capital charges (depreciation and interest), arrangements will therefore need to be established to assign valuations/fair values to individual assets or groups of similar assets and other elements of the project in accordance with the requirements of the SORP and capital accounting guidelines.</p> <p>AC Reports 1 Appendix 2&3 & Report 3 14 & 22 Report 2 R18.</p>	<p>Establish arrangements to facilitate assignment of valuations/fair values to assets and other elements of the project in accordance with the requirements of the SORP and capital accounting guidelines.</p>	<p>This ties in to recommendation 4 and was a significant issue in the 2004/05 accounts and contributed to the delay. Information has been passed to the Audit Commission in February 2006 and we are awaiting confirmation of their acceptance of the information provided.</p>	High	Feb 2006

Ref	Issue	Audit Commission Recommendation	Action	Risk (H/M/L)	Timescale
21	Leisure services were transferred to Carlisle Leisure Limited in 2002/03 however no adjustments have been made to the carrying value of leisure assets in 2002/03 or 2003/04. This includes both property assets and equipment. AC Report 3 para 22.	Evidence compliance with FRS5 and SORP requirements regarding asset recognition and carrying value of leisure assets.	Ties in to recommendation number 4. This has not been raised as an issue on the 04/05 report but it has not yet been corrected and so will be addressed as part of the 2005/06 closedown arrangements.	Low	May 2006
22	Adjustments are required to debtors and creditor balances included in the balance sheets and supporting notes in order to address errors identified during the course of our audit. AC Reports 3 para 27	WGA will add to the importance of disclosures made in respect of inter authority debtor and creditor balances. This is likely to include the requirement to agree invoiced and accrued balances with other relevant bodies. In the run up to implementation of WGA the Authority should therefore ensure that appropriate arrangements are in place to ensure efficient access to the information required to both meet existing disclosure the requirements and the requirements of the WGA process.	Arrangements were put in place for 2004/05 to identify Whole of Government Accounts (WGA) counter parties and year-end balances. WGA is a significant new requirement and as such carries a high risk. The Audit Commission is required to audit this area from 2005/06 and have proposed fee scales for this additional work. The fee for Carlisle is proposed at a maximum of £3,000. It is anticipated that as a high risk area this will be reported on as part of the Interim Audit report due in April. Further work is planned as part of the 2005/06 closedown timetable to identify in year transactions as well as year-end balances with counter parties. Assistance is being sought from Civica our financial information supplier to provide relevant reports, which will assist in the analysis, and reporting of this area of work.	High	May 2006
23	PRTB receipts will be 100% useable although there is an expectation that the PRTB receipts would be spent in ways that helps deliver the Authority's housing strategy. AC Report 3 para 26.	Confirm the existence of a clear strategy for the use of PRTB receipts consistent with the expectations of the ODPM.	The use of the PRTB receipts is applied towards the achievement of sustainable communities. Officers from Housing Policy and Finance will develop a draft strategy for clarification in the 2006/07 Capital Strategy, which will be submitted for approval by full Council in June 2006, following consideration by the Executive and CRO&S	Medium	May 2006

Ref	Issue	Audit Commission Recommendation	Action	Risk (H/M/L)	Timescale
24	<p>Annual commitment under operating leases.</p> <p>No working papers were included in closedown file to support the SSAP 21/SORP disclosures made in respect of annual commitments under (non-cancellable) operating leases.</p> <p>AC Reports 1, Appendix 3 & No 3 para 47.</p>	<p>Complete analysis of operating lease commitments in support of disclosures made in note 3. Complete note 3 to reflect number of asset acquired through operating leases in 2003/2004.</p>	<p>This was actioned in the 2003/04's accounts.</p> <p>There was a further issue on the Refuse Collection vehicles, which were procured during 2003/04 raised during 2004/05. Details confirming our treatment of the leases have been passed to the Audit Commission and confirmation of acceptance of treatment is awaited.</p>	Low	Feb 2006