

External Audit Action Plan – Outstanding Recommendations

External Audit Report	Observation/Recommendation	Priority	Management Response	Progress Update to Nov 09	Progress Update to Feb 10	Responsible Officer / Timescale
Interim Audit Action Plan 2008/09	<p>7 Council Tax - procedures documentation</p> <p>We noted from discussions that the procedures manual in this area does not reflect current working practice as it is out of date. We recommend that this be updated to reflect current procedures and that an annual review is introduced to ensure this is maintained.</p>	Medium	<p>Accepted with regard to team procedure notes.</p> <p>The procedures manual will be completed and maintained.</p>	<p>In Progress</p> <p>A revised procedures manual is virtually complete. A few procedures for Direct Debit processing have been delayed slightly because of staff illness. These are now due 11th December</p>	Implemented	<p>Noreen Akhtar</p> <p>Revised Deadline : 31 December 2009</p>

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External Audit Report	Observation/Recommendation	Priority	Management Response	Progress Update to Nov 09	Progress Update to Feb 10	Responsible Officer / Timescale
Interim Audit Action Plan 2008/09	<p>14 Sundry debtors and income - debt recovery procedure</p> <p>The Council has a generic debt recovery procedure in place which specifies the type of action required with timescales. From discussion, we noted that for some sections, such as nurseries and markets, this procedure does not reflect current working practices leading to a lack of consistency.</p> <p>We recommend that the Council reviews the appropriateness of these procedures and, where necessary, introduces additional procedures to cover specific areas of debt recovery.</p>	Medium	<p>Accepted.</p> <p>We will be developing action plans for the debt management of each individual department.</p> <p>Debt recovery write-offs and bad debt provision is also on the Accountants Process Improvement group (APIG) agenda for review and implementation of best practice.</p>	<p>In Progress</p> <p>Proposals for system & reporting developments agreed between operational management and Head of Service. Requirements documented and passed to Oracle Team to review feasibility and advise accordingly.</p>	<p>In addition to on-going discussions with Oracle Admin regarding Debtors functionality and reporting, the role of the AR function is also being reviewed as part of the Transactional Service Centre (TSC) review. Once this is complete we we will be in a position to determine (and document) what future recovery procedures apply to which debt streams and who will be responsible for performing these activities. In the meantime, the existing generic debt recovery procedures are being applied.</p>	<p>Rob Williams</p> <p>Revised deadline (subject to TSC progress) July 2010</p>

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Interim Audit Action Plan 2008/09	<p>16 Fixed assets register - accuracy of schedules Estates document revaluations on an asset spreadsheet which is used to update the Fixed Asset Register. Walkthrough testing of the asset spreadsheet to supporting documents identified one asset value that had been overstated by £70,000 and another that had an inconsistent narrative description.</p> <p>We recommend that the Council reviews procedures in this area and considers introducing additional checks to the integrity of the data captured.</p>	Medium	<p>Estates and Accountancy have worked together and now use a joint spreadsheet to ensure correct valuations and no duplicate entries or missing entries. A member of the team has been checking the accuracy.</p> <p>We are working on the specification and project plan for a new integrated asset management system to be used by Estates Accountancy and Property maintenance.</p>	<p>In Progress</p> <ul style="list-style-type: none"> • Agreement between Estates Property and Accountancy to using one existing system as the primary record for the Asset Register until such time as a new system is implemented. • Asset management policies including the disposal policy to be reviewed and managed through the strategic asset management group. To include a set of pro-formas to aid the control and audit trail of the asset register changes. Asset management system maintenance procedures will be developed in line with this. • Documented procedure on the maintenance of the FAR including responsibilities. 	<p>Data cleansing between our records, estates records, legal records and property services records has now been completed to ensure accuracy and completeness of asset data to be transferred to the fixed asset register system as the opening position for 1 April 2009.</p> <p>In Progress</p> <ul style="list-style-type: none"> • A new access database has now been developed in-house as the integrated FAR to be used by Estates and Accountancy and is currently being tested. The plan is to have this ready by 31 March 2010 to populate with the opening fixed asset date and 2009/10 changes. The system is to be maintained by Accountancy and changes will only be made on receipt of instructions from Estates. Proformas for data changes and validation and sign-off reports are being developed to control the integrity of the data in the FAR. • Work is also underway on the procedure notes for the maintenance of the FAR, to be used by Accountancy and Estates officers, to be completed by 9 April 2010. The procedures will also include a monthly update to the Evolution system asset data and GIS asset data to ensure the respective asset listings remain consistent 	<p>Nicola Goodacre in conjunction with Estates</p> <p>Revised Deadline: 31 March 2010.</p> <p>Nicola Goodacre in conjunction with Estates</p> <p>Revised Deadline: 9 April 2010</p>

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Interim Audit Action Plan 2008/09	20 Main Accounting Systems - Oracle procedures Following Oracle implementation, the Council has been updating procedures to reflect the change in processes. The main area that has yet to be completed is in relation to Control Accounts. We recommend that procedures be introduced in relation to control accounts and that a schedule be established for procedures to be regularly reviewed.	Medium	A key objective in our 2009/10 business plan is the review of control accounts and reconciliation procedures. Through APIG we will be developing a best practice guide and deliver training. Oracle procedures will then be updated.	In Progress A detailed review of control account procedures has been carried out, and resulted in a number of improvements being made. Updated procedure notes are now being prepared.	Implemented Reconciliation procedures (including control accounts) now in place and available to all finance staff via the shared drive. These have been formally ratified by the Control Review Board. Annual review of procedures will be carried out by the APIG group.	Chloe Bowes 31 December 2009

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Final Accounts Audit Action Plan 2008/09	<p>1 Fixed Asset Register</p> <p>The current practice of maintaining separate registers will continue to increase the risk of material misstatement and ultimately the Council should strongly consider the introduction of an integrated asset management system.</p> <p>In the meantime, closer working practices should be introduced between the Resources and Estates Departments to ensure that the registers are consistent, in terms of monetary amounts and descriptors. We recommend that formal reconciliations are introduced between the two registers and that a standard asset referencing system is used.</p>	High	<p>Action already taken</p> <ul style="list-style-type: none"> • Introduction of a unique reference number on the FAR • One common file on a shared drive with restricted access • Monthly reconciliation to financial and Estates data and sign-off by the Group Accountant(capital) <p>Action in progress</p> <ul style="list-style-type: none"> • Documented procedure on the maintenance of the FAR including responsibilities. Deadline: 30 October 2009. Group Accountant (Capital) in conjunction with Estates • Business Case and project plan to be developed for the introduction of an integrated Asset Management system to include FAR. This will be progressed through the Transformation programme 	In Progress	<p>See response to item 16 page 3.</p> <p>A unique reference number has been incorporated into the FAR system.</p>	See response to item 16 page 3.
Final Accounts Audit Action Plan 2008/09	<p>2 Group Accounting Policies</p> <p>It is recommended that Derby Homes Ltd's accounting policies are fully aligned with those of the Council, or that resulting consolidation adjustments are quantified.</p>	Medium	<p>The Group Accountant (Corporate) will liaise with the Group Accountant at Derby Homes and agree an action plan to be delivered as part of the preparation for the 2009/10 Annual Accounts.</p>	In Progress	Implemented	<p>Chloe Bowes</p> <p>31 December 2009</p>

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Final Accounts Audit Action Plan 2008/09	<p>3 Bad Debt Provision</p> <p>The Council should review the percentage rates applied each year to calculate bad debt provisions, against current collection patterns, to ensure the percentages remain appropriate.</p> <p>The results of this review will then form a working paper that will support the Council's approach for audit purposes.</p>	Medium	<p>The principle of determining a BDP based upon more accurate information of our Sundry Debt arrears is agreed. However, currently the Oracle system which houses Sundry Debts does not provide this information. The External Payments Manager will work closely with colleagues from the Business Systems team and will liaise with other sites using Oracle to determine how this information can be extracted. If better Management Information can be extracted then this will form the basis for future BDP calculations.</p>	<p>In Progress</p> <p>Enhanced reporting requirements agreed between operational managers and Head of Service on 12/10/09. Requirements documented and passed to Oracle Team to assess feasibility and advise accordingly.</p>	<p>Enhanced reporting is still under development. However, some manual analysis is on-going to provide an indication of the “collectability” of debt per service area and thus help inform the BDP setting process.</p>	<p>Rob Williams</p> <p>Revised deadline : 31 March 2010 for 2009/10 Annual Accounts requirements.</p>

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Final Accounts Audit Action Plan 2008/09	4 Bad Debt Provision The Council should consider undertaking a review of old debt and writing these, and the associated bad debt provision, out of the ledgers.	Low	It is agreed that irrecoverable Sundry Debts should be written-off on a regular basis as part of a robust house-keeping regime. This will require a Debt Strategy to be written which has the approval of Corporate Director of Resources as the Council's Section 151 Officer and Elected Members. Our draft Debt Strategy will be prepared by 31 st October 2009 by our External Payments Manager. Once the Strategy is approved, uncollectible debts will be written-off by 31 December 2009.	In Progress A finance working group of both accountants and external payments has been set up to review and update the Council's write off policy. Uncollectible debts to be written off in line with policy by 31 March 2010	A draft write off policy has been put to the Accountants Process Improvement Group (APIG) for consideration. with a view to presenting an updated policy to the April APIG meeting.	Rob Williams Revised Deadline: 30 April 2010
Final Accounts Audit Action Plan 2008/09	5 Members Allowances It is recommended that the Council record all co-optee allowance payments within a separate code in the ledger.	Low	The Group Accountant (Central Team) will investigate and action the change to financial systems to implement this, if technically feasible.	The Council only pays Co-optee allowance to the 4 members of the Standards Board. These can be separated out onto a separate ledger code as recommended. The Council does not pay Co-optee allowance to members supporting other panels as these expenses are claimed through the travel and subsistence scheme. Clarification on appropriate treatment of these will be sought from the external auditors.	In Progress Clarification was sought from External Audit during the interim audit.. Formal response requested	Mark Nash 31 March 2010

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Final Accounts Audit Action Plan 2008/09	6 Creditors/Accruals Cut Off The Council should provide further training to departments responsible for coding invoices to financial periods to ensure all relevant individuals understand the importance of accounting for these items correctly. In addition, we recommend that a specific step is introduced to the accounts preparation process to consider adjustments required as a result of capital receipts in advance	Medium	Group Accountant (Corporate) to action as part of preparation for the 2009/10 Annual Accounts before 31 March 2010. This was introduced as part of the 2008/9 process but due to the unusually complicated legal arrangements of the issue that arose in the 2008/9 accounts, it was treated wrongly at the year-end. The Group Accountant (Capital) in conjunction with Estates and Legal sections will re-visit and strengthen procedures for 2009/10 accounts closure before 31 March 2010.	In Progress Detailed closure guidance notes will be prepared during January / February 2010 in advance of the 2009/10 closedown and a closure launch event will be held to ensure all relevant individuals are aware of the correct accounting treatment for accruals.	Implemented Details re treatment of accruals included within the closure guidance notes and discussed at the Closure Launch event.	Chloe Bowes 31 March 2010 Nicola Goodacre 31 March 2010
Final Accounts Audit Action Plan 2008/09	8 Capitalisation Policy & Non-Enhancing Capital Expenditure Policy We recommend that • the Council's Capitalisation Policy is reviewed and updated on an annual basis; and • a formal policy for capitalising non-enhancing capital expenditure is introduced, which we suggest is incorporated within the Capitalisation Policy.	Medium	The Group Accountant (Capital) will update the policy by 30 October 2009. It will be reviewed at least annually, or when a major change occurs.	In Progress A review of current policies has been completed, and these are currently being updated to include non-enhancing capital expenditure.	In progress Draft policies have been completed. After further discussions with external audit further amendments are now being incorporated.	Nicola Goodacre Deadline for issue of revised policies: 30 April 2010

