

Appendix 3 - Audit Findings Report 2019-20 Update

Item	Risk	Issue & Risk	Recommendations	Management response	Update for Audit Committee 14 th February 2025
1	High risk	Strengthening the financial control environment	The Council needs to promptly implement the recommendations from the EY report. Once the financial controls remediation project is finished, the Audit Committee should seek assurance to verify that the financial controls are effectively designed and operating as intended.	Partially Implemented. Following receipt of the EY report, a Financial Improvement Plan was created to address the recommendations and presented to Audit Committee in June 2023; regular updates are presented showing progress made. A total of 38 remediation activities were identified with agreed controls for each remediation activity. At the end of Sept 24, 90% of the recommendations have been fully implemented with 10% with implementation in progress.	As at the end of January 2025, all the 38 remediation activities identified are completed with the exception of 2 (5%) which are anticipated to be completion by the end of the financial year.
2	High risk	Fixed asset register and management review of valuations	The Council should ensure its PPE valuation accounting process includes sufficient time to review the completeness and reasonableness of the valuations received from external experts. The Council should also seek to simplify its fixed asset register and for final accounts purposes provide a more condensed working paper to support the financial statements which excludes superfluous information.	For 2023/24, working papers have been condensed and a new format provided to the auditors to support the financial statements. The procurement of a 5-year contract for the supply of valuations from the 2024/25 Accounts onwards is currently in progress. Deadlines for delivery of these valuations built into the contract will enable sufficient time for both Property and Finance Teams to review all data for completeness and reasonableness. To further simplify the complexity of the PPE records, a project is underway to procure and implement asset accounting software. It is envisaged that this will be implemented in time for the 2025/26 Accounts.	Mostly implemented. The Property & Finance Teams continue to undertake reviews of valuations of part of their work in preparing 2023/24 & 2024/25 accounts. Good progress has been made on the procurement of the 5-year contract for 2025/26. The Business Case for Asset Accounting Software in progress and implementation planned during 2025/26 with an intended go live date of 1 April 2026.
3	High risk	Journal authorisation	The Council should introduce formal procedures for the authorisation of journals	Additional journal authorisation controls and procedures have been implemented.	Implemented in 2023.
4	High risk	Undisclosed member interests	We recommend that the register of interests be regularly updated by members and monitored by management and TCWG to ensure it accurately reflects all interests held by members. Additionally, it is considered good practice for the Council to audit the completeness	Annual reminders are sent to all Councillors to review their Register of Interests. Finance and Governance teams work closely together and have enhanced processes to include compliance checks and an assessment against Companies House data.	Implemented in 2023.

			of the register of interests by conducting a check for directorships held by officers and members on Companies House.		
5	High risk	Expenditure cut-off procedures	We recommend the Council reviews its cut-off accounting procedures to ensure expenditure is recorded in the correct financial period	Additional control checks were implemented for the 2020/21 closure of accounts and continue to be operational. These checks include a review before journals are posted to ensure they are correct & recorded in the relevant financial year.	Implemented in 2021.
6	High risk	Audit trail to support income transactions recorded in the financial ledger	We recommend that the Council maintain the appropriate records and listings which support balances in the accounts to enable sample testing and disseminates this message to all relevant departments well in advance of its financial statement close process.	The Council recognises the importance of maintaining appropriate working papers to support balances in its accounts. As part of its closedown approach for the 2023/24 Accounts, Finance and departments across the Council were reminded of their responsibilities regarding working papers to support balances.	Implemented in 2024 and part of annual closedown process. The Council is planning training with Grant Thornton on best practice to ensure continuous improvements in the quality of its working papers.
7	High risk	Final accounts closedown and evidence	The Council should ensure all key departments are involved at an early stage of the financial statements accounts planning process and their role in the audit process discussed in order to address any expectation gaps.	Noted. In 2023/24 the communication and timetable were improved and issued to CLT, service area managers and finance as part of the closedown process. The high-level timetable for 2024/25 has already been issued and feedback is being sought from the service areas prior to the issue of the more detailed timetable and the year-end process documentation is undergoing a full review.	The Statutory Timetable was published in November 2024 once the new Government backstop dates were approved. The Management Timetable has been approved by Finance Leadership Team and S151 will take to CLT for review and comment. The Finance Delivery Timetable and the Services Closedown Timetable to be published in February. The associated closedown process documentation is under review and will be published alongside the timetables.
8	Medium risk	Exit packages disclosure/provisions	The Council should review its procedures regarding the completeness of provisions, in particular those in relation to exit packages, to ensure these are complete and reflected in the appropriate financial year	Since the 2021/21 closedown, HR provide details of redundancies that have been agreed before 31st March but where the actual leaving date is in the next financial year, so that appropriate provisions can be made in the Accounts.	Implemented in 2021

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9	Medium risk	Heritage assets – de-minimis	The Council should review its grouping arrangements for Heritage assets and ensure it reviews the value of de-minimis assets not capitalised to ensure this does not become a material omission in the financial statements	Noted. The Council is Code compliant but will review the capitalisation policy in early 2025, with a view to revising the de-minimis levels.	The Accounting Policies for 2024/25 are currently being reviewed and will be presented to Audit Committee for approval in March 2025.
10	Medium risk	Group accounting	The Council should ensure that appropriate assurance is in place for consolidated balances and have a clear understanding of the required consolidation adjustments. They should also anticipate the impact of varying accounting frameworks and thoroughly document judgments.	Management has improved on the process for the consolidation of the group accounts; including the review of the accounts reported, the timetabling of receipt of the information and communication with the partners and companies.	Implemented in 2024.
11	Medium risk	Capital additions	The Council should review its capital approvals listing to ensure it is up to date and fit for purpose. It should ensure capital expenditure is only capitalised with appropriate approval in place.	Since moving to Oracle Fusion in April 2021 the capital expenditure approval hierarchy has been aligned to the approval hierarchy of the revenue expenditure	Implemented in 2021.
12	Medium risk	Accounting for grants	We recommend the Council reviews its grant accounting procedures to ensure it is recorded accurately, in accordance with the CIPFA code and in the correct accounting period.	The Council has reviewed its approach to grant accounting since 2019/20. Improvements include establishing a grant register and regular reconciliations to the ledger. The accruals approval processes have been enhanced and guidance notes are issued to finance staff to promote best practice.	Implemented in 2024.
13	Low – Best Practice	Immaterial balances – supporting notes	The council should consider removing notes relating to immaterial balances to “declutter” its accounts.	Noted. Management will be undertaking a full review of the presentation of the accounts in 2024/25.	GT offered a technical review of the 2023/24 SoA to identify if there were any opportunities to declutter the accounts. This, together with the internal review also being undertaken, will ensure recommendation is implemented in full.

14	Low - Best Practice	Housing benefit year end reconciliation process	We recommend the Council regularly reviews its current reconciliation process alongside Northgate recommended procedures to ensure no steps are being missed in the year end closedown process as recommended by the software supplier.	The reconciliation processes have been reviewed and the Northgate recommended procedures are being followed to ensure that no steps are missed in the year end closedown process.	Implemented in 2024.
15	Low – Best Practice	Heritage asset valuation	Whilst not prescribed by the code, due to the value of heritage assets held by the Council it is recommended a review is undertaken to ensure values recorded within the financial statements remain valid.	The Council is compliant with the Code. However, will consider updating its Heritage Assets valuations as part of its preparations for the 2024/25 Draft Accounts.	Implemented. The Council has considered the Heritage Assets valuations in its preparations for the 2024/25 Accounts. The outcome of the review is that as the Council is Code compliant, it is not considered a priority for 2024/25 compared to other improvements that are needed in the preparation of its accounts. The Council will re-consider this in future financial years.