

**2019/20 ISA 260 Report Recommendations - Matters Outstanding**

Matter arising	Findings	Recommendation	Management response	Responsible Officer	Progress against Management Response	Outstanding Actions	Anticipated Completion Date	Open/Closed
Matter arising 4 – Accuracy and review of fixed asset register	Our audit identified differences between the classification of assets in the general ledger and the fixed asset register. The Council has corrected the significant differences as shown in Appendix 3.	We recommend that the Council periodically undertakes a full reconciliation between the fixed asset register and the general ledger to ensure that they are consistent with each other.	Current procedures will be reviewed, and new processes introduced to ensure consistency between the fixed asset register and the general ledger.	Rhiann Williams	Detailed reconciliation completed for the 2020/21 Draft Financial Statements but there is currently a difference of £306k between the General Ledger and the supporting reports from the Logotech Asset Management System.	Officers are continuing work to identify the variation in balances and to determine the subsequent accounting entries that will be required.	31/07/21	Open
Matter arising 6 – Accuracy and review of fixed asset register – Existence	Our testing identified one vehicle that is no longer in existence. We also identified that following the additional primary school building being brought in to use at the existing comprehensive school site, the capitalised spend on the construction had been double counted in the Asset Register. The capitalised spend was incorrectly included in the 2018/19 Fixed Asset Register in addition to the revalued school site, causing this to be double counted. We also identified that HRA disposals had not been accounted for in-year.	We recommend that the fixed asset register is reviewed to ensure that all assets included are operational and owned by the Council. The Authority should ensure that all disposals and asset transfers are communicated to the Capital Accountant on a timely basis. In addition, there should be a reconciliation between subsidiary asset records, for example the fleet register, the valuation records and the Fixed Asset Register on a regular basis.	This recommendation will be addressed as part of the wider review of the fixed asset register. Service areas outside of Corporate Finance will also be reminded of their roles and responsibilities.	Rhiann Williams	A detailed review of the Asset Register has been completed. Procedures have been agreed with Property and Fleet with regard to notification of Purchases and Disposals.	Capitalisation policy to be finalised. This does not impact on the Financial Statements but will clarify processes for Officers.	30/09/21	Open
Matter arising 7 – Bad Debt Provision	The bad debt provision contained a significant amount of historical data that had been brought forward from previous years. £1.2 million of the £9.9 million balance could not be evidenced. The Council does not have a consistent formal policy for the calculation and treatment of the bad debt provision and write offs.	We recommend that a detailed review of historical debtor balances is undertaken each financial year, and that the bad debt provision is considered in line with an approved policy. This recommendation was also raised in prior years.	A bad debt provision policy will be drafted which will include a requirement to review historical balances at year-end.	Nicola Roberts	A bad debt provision policy has been drafted in consultation with Finance Managers. The 2020/21 Draft Financial Statements have been prepared in accordance with the policy.	The£1.2m balance in respect of the Housing Benefit bad debt provision remains subject to ongoing review. Further work is required to substantiate the figures being transferred from the Housing Benefits system to the General Ledger to ensure that the amount carried in the balance sheet is correct.	31/08/21	Open
Matter arising 13 – Retention of documentation	Throughout the audit it has come to our attention that the Authority is highly reliant on hard-paper copies of documentation which has caused delays due to remote working under the COVID-19 government guidelines.	In an environment of increased remote working, we recommend that the Authority consider digitalising all documentation to ensure ease of access and that it has a back-up copy that can be accessed remotely.	COVID-19 has presented unprecedented challenges with staff having to quickly adapt to remote working. There will be many lessons to learn across the Authority, including ensuring that appropriate arrangements are in place to be able to routinely store and access documentation electronically.	Stephen Harris	This recommendation will be addressed as part of the wider rollout of flexible/agile working across the organisation. Work is currently underway to de-clutter the office space with the aim being to commence a phased return to corporate buildings from September 2021 (subject to prevailing Covid-19 related restrictions at that time).	The digitising of documentation will be progressed as part of the wider rollout of flexible/agile working.	Ongoing	Open
Matter arising 15 – IT General Controls	Our IT auditors undertook a review of the Council's critical financial applications and general IT environment and identified a number of control weaknesses.	A number of recommendations have been made following the review and have been shared with management. Given the sensitivities around IT, we do not report the specific details of these within our Audit Findings Report.	Progress against the recommendations set out in the auditor's report will be monitored by the Council's Digital Leadership Group.	Deborah Gronow	The Acting Internal Audit Services Manager is undertaking a review to address the recommendations raised in the External Auditor's report.	This work is progressing and a report will be prepared by the Acting Internal Audit Services Manager outlining details of any matters that require further attention.	30/09/21	Open
Matter arising 20 – Oversight and Review of Capital Accounting	In addition to the other capital recommendations made, our testing of the five-year revaluation programme identified nine asset lines with a gross book value of £11.89 million (Net Book Value of £5.968 million) that had not been revalued in the five-year programme. Following a further review by officers, individual assets in respect of these amounts could not be identified nor could they be attributed to forming part of other assets. It was determined that these amounts related to accumulated expenditure from previous years. Consequently, the decision was taken to de-recognise these amounts within the financial statements as there is no identifiable assets.	Throughout our audit we have identified multiple significant errors within the capital accounts, which have arisen as a result of a lack of oversight and review of the work of the Treasury and Capital Accountant. Particular attention should be given to the capitalisation and componentisation of assets and ensure this is attributable to a specific asset. We acknowledge that there was a new Treasury and Capital Accountant in post as of March 2020 which has identified areas for improvement from 2020/21 onwards.	We will undertake a review of the current processes around the preparation of the Authority's capital accounts and implement a new system of review and oversight of this area in preparation for the 2020/21 accounts.	Andrew Southcombe	All working papers have been reviewed prior to final preparation of the Capital Accounting and Treasury Management accounting entries in the 2020/21 Draft Financial Statements.	The Capital and Treasury Management notes to the 2020/21 Draft Financial Statements were reviewed prior to inclusion in the accounts. All the capital accounting journals were reviewed prior to posting. There is one outstanding item in respect of the reconciliation between the General Ledger and Asset Management System as mentioned above in Matter Arising 4 .	31/07/21	Open
Matter arising 21 – HRA Archetype Groups	Our testing of the beacon properties has identified that there are clear differences in the archetype categories between the clients' records and the valuers as a result of additions and disposals in-year. The potential maximum misstatement as a result of the differences is £1.995 million, which is not material.	We recommend that the Council and the valuer review and agree the categorisation of Council Dwellings into archetype groups ahead of the full valuation of Council Dwellings that is due to take place for the 2020/21 financial year.	The movement in the stock is as per the Authority's records. The difference has arisen due to the valuer allocating the Authority's Council dwellings to beacons during their valuation. This information hasn't been shared with the Authority to allow a full comparison with our records. We will review and agree the categorisation of the Council Dwellings into archetypal groups with the valuer to support the 2020-21 final accounts process.	Andrew Southcombe	Valuer has completed the 2020/21 valuation and this has been reflected in the Draft Financial Statements. Due to Covid-19 restrictions no internal inspections could be undertaken to support the valuations, albeit that a sample of external inspections were undertaken.	Full listing of beacon groups is awaited from valuer.	31/07/21	Open
Matter arising 22 – Statement of Cash Flows	Our testing of the restated Statement of Cash Flows and associated notes for 2018/19 identified a non-material balance of £1.9 million of non-cash items that officers were not able to evidence.	We recommend that the Council ensure that the Statement of Cash Flows is complete and accurately evidenced in future years.	We will fully review our existing processes for preparing the Cash Flow Statement for the final Statement of Accounts.	Nicola Roberts	We have procured the CIPFA Cashflow Toolkit but it has not been possible to adopt this approach in time for the 2020/21 Draft Financial Statements.	We have completed the cashflow in the 2020/21 Draft Financial Statements based upon existing methods. However, we will update the CIPFA Toolkit to feed the Final Financial Statements.	31/08/21	Open