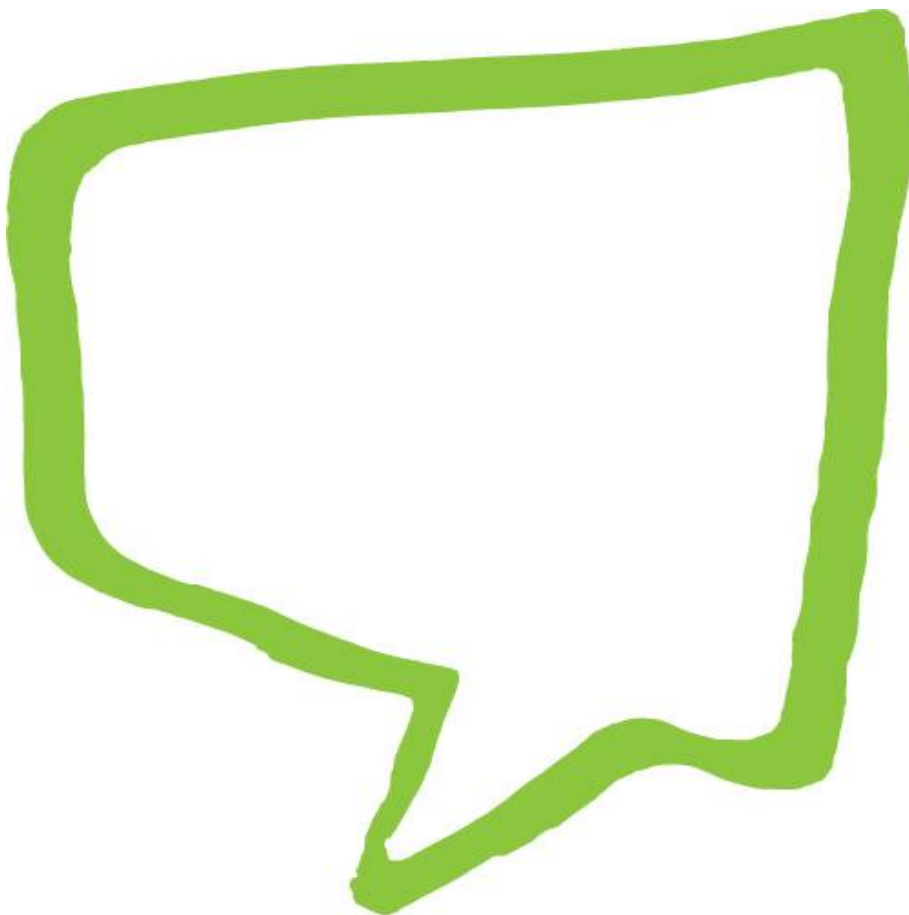


Final Accounts Memorandum

Essex County Council

Audit 2008/09

November 2009



Contents

Summary report	3
Detailed report	6
Appendix 1 – Action Plan	13

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Summary report

Introduction

- 1 The Code of Audit Practice (the Code) requires that external auditors undertake an audit of the financial statements of Local Authorities.
- 2 We are required to plan and perform our work in accordance with the International Standards on Auditing (UK and Ireland) (ISAs).
- 3 This report provides further detail on the issues identified during the audit of the 2008/09 financial statements of Essex County Council (the Council) following the Annual Governance Report which highlighted the major issues and was presented to the Audit Committee on 25 September 2009.

Background

- 4 The objective of the audit is to give an opinion as to whether the financial statements:
 - present fairly the Council's financial position and its income and expenditure for the year; and
 - have been prepared in accordance with CIPFA's Statement of Recommended Practice (SoRP), relevant legislation and applicable accounting standards.

Audit approach

- 5 This is our second year as the external auditors for the Council. We were therefore able to bring forward our work from 2007/08 to provide assurance that opening balances were fairly stated in most areas. However, due to the number and nature of errors identified during testing of fixed asset balances for the 2007/08 audit, it was judged that there was a high risk of misstatement in fixed asset opening balances. Additional testing was therefore performed on these during 2008/09 and the outcome was reported in our Interim Audit Report in July 2009, and presented to the Audit Committee at their September meeting alongside the Annual Governance Report.
- 6 The approach to the post-statements audit is influenced by the findings from our interim audit, where we test the effectiveness of controls within the Council's material financial systems. Where we find controls are working effectively throughout the year we are able to reduce detailed testing on the final accounts.
- 7 Due to the control weaknesses identified in our Interim Audit Report, detailed testing was performed on all material entries in the accounts at year end. With more effective controls in place throughout the year testing at year end would be reduced.

8 Testing at final accounts included:

- agreement of balances to the general ledger;
- predictive analytical review of payroll expenditure and testing of the existence of staff who are included on the payroll system;
- testing of all material journals;
- testing of individual items of income and expenditure and year end balances; and
- review of compliance with the SoRP and relevant accounting standards.

Main conclusions

- 9** The financial statements were approved on 29 June 2009 in advance of the statutory deadline of 30 June 2009 but there was limited time for member scrutiny. The fixed asset note was not complete at that stage.
- 10** The audit opinion was issued on the statutory deadline of 30 September 2009 following the presentation of the Annual Governance Report to the Audit Committee on 25 September 2009.
- 11** The financial statements approved by the Audit Committee in June 2009 were materially misstated. Three material errors with a gross value of £314 million were identified, all of which related to fixed assets. The largest of these was an impairment of £245 million which was omitted from the financial statements. All material misstatements were amended in time for the opinion to be issued by the statutory deadline.
- 12** In addition to the above material misstatements, further significant errors were identified relating to fixed asset valuations, disposals and classification as well as schools income and expenditure and year end cash balances. We were satisfied that these errors in total did not have a material impact on the accounts.
- 13** The size and complexity of the Council means that it is important that controls in key financial systems are improved in order to ensure that transactions are correctly recorded and included in the financial systems and the accounts and also to ensure that the risk of error is reduced. In particular robust journal procedures and controls, segregation of duties, authorisation controls and key reconciliations need to be in place. Staff at all levels in finance must understand the importance of these controls to ensure accurate financial reporting. The material errors identified during the 2008/09 audit may have been avoided with more effective controls and a closedown process that allowed time for a high level management review of the accounts prior to approval. It is recognised that the Council is implementing a new fixed asset system which may improve closedown arrangements but in the first year the risk of error may be even higher.

Summary report

Recommendations

- R1** The Council should consider how to improve management of the closedown process and management review of the accounts prior to approval by members, particularly in high risk areas such as cash and fixed assets.
- R2** Members should consider the risks involved in approving accounts with significant notes such as fixed assets not completed.

Detailed report

Working papers and response to audit queries

- 14** A set of working papers to support the financial statements, known as audit 'deliverables' within the Council, was agreed with the Council in December 2008, although some changes were made in March 2009. This included clear deadlines and an officer to act as key contact for the auditors. Where possible, deadlines were set in advance of the statutory deadline for production of the financial statements to facilitate early testing. However, deadlines were not met in a number of areas which prevented early testing being completed. Fixed asset working papers were not available for two weeks following the approval of the financial statements, which is significant in the context of a tight audit timetable. Our audit was able to continue but it meant that work on the highest risk area was started later than planned.
- 15** There was an improvement in the quality of the working papers from 2007/08. In most cases working papers provided a clear audit trail to the figures in the financial statements.
- 16** Responsiveness to audit queries improved in some areas compared with 2007/08 but remains an issue in others. Responses were good in those areas which are centrally managed within finance such as treasury management and fixed assets but need to improve in Education and Adult Social Care. However, the devolved structure of the finance department together with the weaknesses in journal controls made testing on items such as income and expenditure and debtors and creditors very time consuming.

Recommendations

- R3** In order to facilitate an efficient audit process and reduce time pressure on audit and Council staff, audit deliverables should be provided by the agreed deadline.
- R4** All officers must respond promptly to audit queries due to the tight timescale for the audit to be delivered, particularly in areas where there were significant delays in 2008/09 such as Education and Adult Social Care.

General Ledger

- 17** We have made recommendations relating to weaknesses in journal controls in previous reports. Two of the material errors and many of the significant errors identified in the 2008/09 accounts were entered by journal. Journal controls within the Council are weak. Large numbers of staff are able to enter journals; there are no procedures in place and no requirement for a second officer to review journals, even on a risk or value basis.

Detailed report

- 18** The weaknesses in journal controls mean that there is frequently no clear audit trail to support the journal. The person who enters the journal does not always understand the reason behind the journal or who would have the supporting evidence.

Recommendation

- R5** The Council should reconsider its response to previous recommendations on journal controls. Clear procedures and improved controls should be implemented as soon as possible, including the need to maintain clear audit trails for all journals.

Cash

- 19** A clear audit trail between the cash balance in the accounts and the bank reconciliations was provided for 2008/09. Issues in our 2007/08 audit relating to the use of balancing figures for pension fund and trading account cash have also now been resolved.
- 20** However, the cash figure was misstated by £1.060 million because year end revenue bank account uncleared items were incorrectly included in an adjustment to creditors rather than as a reconciling item in the bank reconciliation.
- 21** Schools year end cash balances remain an issue. Initial sample testing of schools bank reconciliations identified errors which, when extrapolated, suggested a material misstatement. Further testing was performed by Council staff and reviewed by us to demonstrate that the error was not material. There are many common errors being made which need to be addressed through training and more detailed guidance. It is important that procedures for carrying out year end reconciliations are fully understood by all schools and effectively supported by the schools service where that service is used.
- 22** Academy schools cash of £390,000 was included in cash balances. Academy schools are outside the control of the Council and therefore in accordance with FRS5 their assets should not be included in the Council accounts.

Recommendations

- R6** The Council should ensure that schools and the School Finance Team understand how to complete bank reconciliations correctly to avoid a material misstatement in the accounts. A sample should be reviewed by the Council at year end prior to asking the members to approve the accounts.
- R7** Academy schools cash should be excluded from the balance sheet for 2009/10.

Fixed Assets

- 23** The Council's arrangements for accounting for fixed assets are considered high risk. The Council is in the process of implementing a new fixed asset register which should improve controls in the medium term. However, due to the inherent risks involved in moving to a new system and the significant issues identified with data to be transferred we consider this will continue to be a high risk area for 2009/10.
- 24** A large number of material and significant errors were identified in fixed asset entries during the audit. These have been reported in detail in the Annual Governance Report. The largest of these was an overstatement of fixed assets net book value of £245 million relating to a miscalculation of the required impairment on land and buildings assets due to the economic climate. Significant calculations should be reviewed by a senior officer to reduce the risk of material misstatements - a new fixed assets system will not necessarily prevent this type of error in the future without such a control.
- 25** The accounting policy for revenue expenditure funded from capital under statute (REFCUS) gives a de minimis level for IT capital expenditure of £1 million. This is significantly higher than the de minimis set for other capital expenditure of £10,000.
- 26** In our Interim Audit Report we reported that significant numbers of community assets which should be held on the asset register at historic cost were being held at nil value. We were able to obtain an estimate of the historic cost for all of these assets and have sufficient assurance that any understatement is trivial.
- 27** Discussions with the Bursar at Mayflower High School indicate that a lease held by Mayflower High School which is recorded on the Council's register of school leases as an operating lease may be a finance lease. There is a risk that schools are entering into finance leases without the knowledge of the Council but a high level review of the leases held by schools has given us sufficient assurance that this is not a material risk.
- 28** The Council do not generally take into account disposal costs in calculating the profit or loss on disposal of a fixed asset. We are satisfied that the impact for 2008/09 is not material. However, arrangements should be put in place to include disposal costs in the profit or loss calculation in future.
- 29** The models used to estimate future payments due to service providers under schools PFI contracts are not updated regularly. Payments in future years are estimated based on current year payments but these are not updated to show the actual payments as they become known. We are satisfied that the difference is trivial for 2008/09 but there is the potential for significant misstatement in future years if estimates are not revisited. It is assumed that as part of the process to implement International Financial Reporting Standards the models will be updated.

Recommendation

- R8** The Council needs to ensure that sufficient resource is identified to ensure that data transferred from the current fixed asset spreadsheets to the new fixed asset register system is accurate and thoroughly tested.

Recommendations

R9 The Council should consider harmonising de minimis levels for IT with those for other capital expenditure.

R10 Procedures need to be put in place to ensure that:

- records of transactions relating to community assets are maintained which enable an accurate historic cost to be calculated;
- schools leases are reviewed to ensure correct classification; and
- disposal costs are recorded on an asset by asset basis to enable them to be included in profit and loss calculations where material.

R11 PFI models should be updated annually to ensure that assumptions are still valid.

Debtors and Creditors

- 30** Errors were identified during testing of Adult Social Care debtor and creditor balances which, when extrapolated, indicated a misstatement on payments in advance and creditors of £0.6 million and £4.9 million respectively. These were reported in the Annual Governance Report.
- 31** Testing on Adult Social Care creditors also identified that payments in advance were being accrued net of receipts from the client and were therefore understated. The total value of this error was £224,000 and this was amended for in the final version of the accounts.
- 32** Testing on sundry creditors identified a payment made in 2009/10 relating to 2008/09 expenditure which was not included in creditors at year end. Extrapolation of this error indicated a potential error of £848,000.
- 33** The debtor for highways rent arrears collected by Lambert Smith Hampton on behalf of the Council was overstated by £37,000. This is because amounts relating to 2009/10 were included in the debtor.

Recommendation

R12 The Council should ensure that the issues identified in testing debtors and creditors are rectified for 2009/10.

Schools, Children and Families

- 34** Procedures for reconciling Standards Funds grant income between the general ledger and notifications from awarding bodies are inadequate. This was raised as an issue in 2007/08 and in response a reconciliation was performed for 2008/09. However, due to staff turnover officers were unable to explain the reconciliation to our satisfaction. We have verified that differences are not material for 2008/09. Without a sound reconciliation process in place, which is signed off regularly throughout the year, the Council is at risk of a material misstatement.
- 35** As in 2007/08, Internal Audit carried out risk based testing of schools year end balances which we were able to place some reliance on. However, in some cases significant variances were identified on schools debtors and creditors which were not fully resolved before the accounts were approved or followed up afterwards. The review identified numerous errors which gave rise to significant misstatements on extrapolation. These issues were reported in the Annual Governance Report.
- 36** Classification of schools expenditure between capital and revenue remains an issue. The accounting policy has changed since 2007/08 so that classification should reflect the nature of expenditure rather than its funding source. However, discussions with schools staff and internal audit indicate that there is still confusion. Given the large sums involved in these transactions, this leads to a high risk of material misstatement. As reported in our Annual Governance Report, testing of schools expenditure identified items which were coded to revenue which should have been coded to capital. The extrapolated error was £14.7 million.
- 37** Testing of schools expenditure identified transactions between schools, youth centres and central departments of the Council which had been treated as both income and expenditure rather than being excluded from the accounts as an internal recharge. When extrapolated, this created a potential overstatement of £15 million as reported in our Annual Governance Report. Subsequent investigations identified that the recharge between the school and the Council related to a trading account and was therefore accounted for correctly.
- 38** The treatment of the payment to the youth centre has been confirmed as incorrect. The payment related to a Youth Opportunities Fund (YOF) grant. When grant is allocated to a youth centre it is treated as expenditure with the receiving department treating the transaction as income, this is incorrect as it leads to overstatement of both income and expenditure. The total value of YOF grants treated in this manner is £900,000.
- 39** Similarly, Healthy Schools grant funding from the Essex Drugs and Alcohol Action Team (EDAAT) to the Healthy Schools budget has been treated as expenditure and income rather than an internal recharge.
- 40** Testing of non-grant Schools Children and Families (SCF) income identified two transactions which we were unable to verify were accurate, complete, accounted for in the right year and classified properly because relevant backing documentation was unavailable. Extrapolation of these values indicated that the maximum error was £225,000.

Detailed report

- 41** During testing of SCF expenditure, we identified a transaction which we were told related to a recharge of support services within SCF and therefore had no impact on total SCF expenditure. However £59,000 of this recharge had been allocated to a non-SCF cost centre. No support for the calculation of this recharge was provided.

Recommendations

- R13** A process for reconciling income per the general ledger to notifications from grant awarding bodies should be put in place for all significant education grants, including the Standards Funds. The process should be formally documented to ensure that reconciliations can be properly completed in the event of staff turnover. The reconciliation should be signed and countersigned regularly during the year.
- R14** The Council needs to have sufficient assurance that its year end school balances are not materially misstated before asking the Members to approve the financial statements. If Internal Audit's review of the balances is the Council's way of doing this significant queries should be resolved before the accounts are approved.
- R15** Clear guidance needs to be provided to all schools on the coding of capital and revenue expenditure. The Council should put in place arrangements for reviewing schools capital and revenue expenditure to satisfy itself that rules are being complied with. If this is to be done through internal audit reviews it should be clear which guidance is current and all school internal audit visits should include coverage of this.
- R16** The Council needs to reconsider its arrangements for accounting for YOF funding and the EDAAT grant to ensure that income and expenditure are not overstated.

Adult Social Care

- 42** As already reported by Internal Audit, no regular reconciliation is performed between contract sheets, SPITS, A4W and the general ledger which increases the risk of significant error in the financial statements.
- 43** Our testing identified one case where the Council had been charged in full by a care provider despite the fact that the client had formally stated that they did not wish to disclose their income. In such cases the client should be liable for payment in full. The completion of the assessment was delayed so the Council therefore did not recover the full amount of income due for some time. In such cases the Council has a policy of not back-dating recovery of contributions from the client.

Recommendations

- R17** The Council should ensure that a reconciliation between A4W and the general ledger for debtors and creditors is carried out on a regular basis.
- R18** The Council should ensure that care assessments are completed promptly to avoid loss of income.

Highways

- 44** In our Interim Audit Report we reported that there is no complete reconciliation between the Highways system, CONFIRM, and the general ledger. A year-end reconciliation was provided for 2008/09. However, the reconciliation only agrees payments made in the year and does not cover accruals. There are still 4,000 open jobs on CONFIRM dating back to 2006/07 with a total project cost of £87 million. The Council has taken the view that these jobs are complete and no accrual is therefore required. However while these jobs remain unresolved there is still a risk that the accounts are misstated. The Council is actively addressing this issue. We obtained sufficient assurance from testing of individual transactions that highways income, expenditure, debtors and creditors are not materially misstated.

Recommendation

- R19** The Council should continue to reduce the number of open jobs on CONFIRM so that there are no complete jobs left open. A full reconciliation between CONFIRM and the general ledger on an accruals basis should be carried out on a regular basis.

Other Issues

- 45** One creditor selected for testing was a sum held on deposit for £132,000 from a developer relating to a Section 106 agreement. These agreements are where developers are asked to contribute funding towards infrastructure costs. The amount had been correctly treated as a creditor. However the Council has yet not fulfilled its obligations under this Section 106 agreement, exposing them to the risk of legal action or adverse publicity.

The provisions note does not explain fully the risks associated with the Council's self-insurance arrangements. The note explains the nature of the insurance provision but does not explain how the balance on the provision has been calculated or the nature of the risks insured against as required by the SoRP.

Recommendations

- R20** The Council needs to be satisfied that its procedures to ensure that obligations under Section 106 agreements are fulfilled within a reasonable period of time.
- R21** The Council should consider including additional information regarding the self-insurance provision in the 2009/10 accounts. This should include how the balance on the provision is calculated and the nature of the risks insured against.

Appendix 1 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
5	R1 The Council should consider how to improve management of the closedown process and management review of the accounts prior to approval by members, particularly in high risk areas such as cash and fixed assets.	3	Chief Financial Officer	Yes	A 2009/10 Closure Action Plan has been compiled and a project team has been put together to take agreed actions forward. In addition, the Council is in the process of recruiting a Project Manager to manage the closure improvement programme.	Ongoing through to June 2010
5	R2 Members should consider the risks involved in approving accounts with significant notes such as fixed assets not completed.	3	Chief Financial Officer	Yes	An action plan has been compiled, and a project team has been put together, to identify and implement improvements to the 2009/10 closure programme, to address the issues arising during closure of the 2008/09 accounts. It is not therefore envisaged that the 2009/10 accounts will be presented to the Audit Committee for approval with any notes omitted.	June 2010
6	R3 In order to facilitate an efficient audit process and reduce time pressure on audit and Council staff, audit deliverables should be provided by the agreed deadline.	3	Corporate Finance	Yes	Arrangements will be put in place to ensure that audit working papers for 2009/10 are provided in accordance with agreed dates.	December 2009 to July 2010

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
6	R4 All officers must respond promptly to audit queries due to the tight timescale for the audit to be delivered, particularly in areas where there were significant delays in 2008/09 such as Education and Adult Social Care.	2	All	Yes	Corporate Finance and the Audit Commission are working to develop a process to formally log and record issues raised and to ensure any subsequent queries are properly recorded and dealt with. This will ensure all queries are visible and will be monitored on a weekly basis by the Audit Commission and Corporate Finance to ensure queries are addressed within the appropriate time frame.	June 2010
7	R5 The Council should reconsider its response to previous recommendations on journal controls. Clear procedures and improved controls should be implemented as soon as possible, including the need to maintain clear audit trails for all journals.	3	Corporate Finance	Yes	An Accounting Instruction Note on journal procedures has now been drafted and has been circulated to finance colleagues for comments. It is anticipated that the Accounting Instruction Note will be formally issued in December 2009. The Accounting Instruction Note includes an explanation of the types of journals that can be raised and when each can be used, the authorisation required prior to inputting journals onto the General Ledger, the arrangements for use and management of journal batch types, conventions to be followed when referencing journals, the necessity to maintain a journals register and the framework for ensuring post entry control over journals raised.	December 2009

Appendix 1 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R6 The Council should ensure that schools and the School Finance Team understand how to complete bank reconciliations correctly to avoid a material misstatement in the accounts. A sample should be reviewed by the Council at year end prior to asking the members to approve the accounts.	3	SCF	Yes	Training of the Schools Finance Support Team and Consortium Support Managers will be undertaken prior to the year end to ensure that bank reconciliations are completed correctly to avoid a material misstatement in the accounts. A sample will be reviewed by the Schools Finance team prior to asking members to approve the accounts.	March 2010
7	R7 Academy schools cash should be excluded from the balance sheet for 2009/10.	2	SCF	Yes	Academies accounts will be excluded from the 2009/10 Balance Sheet.	March 2010
8	R8 The Council needs to ensure that sufficient resource is identified to ensure that data transferred from the current fixed asset spreadsheets to the new fixed asset register system is accurate and thoroughly tested.	3	Corporate Finance	Yes	The Council has input additional resource to ensure that the new FAR is operational by mid December 2009 and that data has been accurately transferred from the current fixed assets spreadsheets by this date.	December 2009
9	R9 The Council should consider harmonising de minimis levels for IT with those for other capital expenditure.	2	Corporate Finance	No	The Council's general de-minimis limit (ie: limit below which capital expenditure is charged to revenue on the grounds of materiality) applies equally to IT expenditure. The £1m threshold referred to in the Auditor's report was applied to determine whether the resulting capital expenditure resulted in a tangible or intangible asset on the Council's Balance Sheet or whether it was accounted for as Revenue Expenditure Funded From Capital Under Statute (REFFCUS). The £1m threshold will cease to be applied with effect from 2009/10 though.	31 March 2010

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
9	R10 Procedures need to be put in place to ensure that: <ul style="list-style-type: none"> records of transactions relating to community assets are maintained which enable an accurate historic cost to be calculated; schools leases are reviewed to ensure correct classification; and disposal costs are recorded on an asset by asset basis to enable them to be included in profit and loss calculations where material. 	2	Corporate Finance and Asset Management	Yes	Work has been undertaken to support the calculation of historic cost of Community assets.	June 2010
9	R11 PFI models should be updated annually to ensure that assumptions are still valid.	2	SCF and Environment, Sustainability and Highways		It will be necessary to undertake a remodelling of each PFI scheme as a consequence of the transition to IFRS based accounting. Once this re-modelling is undertaken, the model will be kept under annual review.	June 2010
9	R12 The Council should ensure that the issues identified in testing debtors and creditors are rectified for 2009/10.	2	Adults, Health and Community Wellbeing and Environment, Sustainability and Highways	Yes	The council has noted the audit recommendations and will address these as part of the 2009/10 closure process. Training will also be provided (January 2010) with appropriate checks put in place.	April 2010

Appendix 1 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
11	R13 A process for reconciling income per the general ledger to notifications from grant awarding bodies should be put in place for all significant education grants, including the Standards Funds. The process should be formally documented to ensure that reconciliations can be properly completed in the event of staff turnover. The reconciliation should be signed and countersigned regularly during the year.	3	SCF	Yes	There has been improved reconciliation of income on IFS to notifications from grant awarding bodies and this will continue. The process will be formally documented and reconciliations are now reviewed by the Head of Finance on a monthly basis.	March 2010
11	R14 The Council needs to have sufficient assurance that its year end school balances are not materially misstated before asking the Members to approve the financial statements. If Internal Audit's review of the balances is the Council's way of doing this significant queries should be resolved before the accounts are approved.	3	SCF	Yes	Schools Finance team will work with Internal Audit to ensure that the year end school balances are not materially misstated before asking the Members to approve the financial statements.	January to April 2010
11	R15 Clear guidance needs to be provided to all schools on the coding of capital and revenue expenditure. The Council should put in place arrangements for reviewing schools capital and revenue expenditure to satisfy itself that rules are being complied with. If this is to be done through internal audit reviews it should be clear which guidance is current and all school internal audit visits should include coverage of this.	3	SCF	Yes	Schools Finance team will work with Corporate Finance and others to produce clearer guidance to all schools on the coding of capital and revenue expenditure. A process for reviewing schools capital and revenue expenditure to ensure that guidance is being complied with will be agreed with Internal Audit.	February 2010

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
11	R16 The Council needs to reconsider its arrangements for accounting for YOF funding and the EDAAT grant to ensure that income and expenditure are not overstated.	2	SCF and PCPR/ Corporate Finance	Yes	The arrangements for accounting for YOF and EDAAT funding will be revised to ensure that expenditure and income are not overstated in 2009/10. In addition, guidance will be issued to Finance staff to ensure they understand the requirements with regard to recharging of expenditure/income.	June 2010
11	R17 The Council should ensure that a reconciliation between A4W and the general ledger for debtors and creditors is carried out on a regular basis.	3	Adults, Health and Community Wellbeing	Yes	Discussions to take place with the Audit Commission to fully understand the background to this recommendation. Once this has been understood and agreed, progress will be reported back to Audit Committee.	December 2009
11	R18 The Council should ensure that care assessments are completed promptly to avoid loss of income.	2	Essex Shared Services	Yes	All service users are contacted within 24 hours of a request for assistance with the completion of a financial assessment, although service users have the right to self complete or refuse to submit an assessment (non-disclosure). When the latter occurs, service users will be charged at the full cost applicable to their service from the date it has deemed to commence. If the service user provides further information following receipt of the Financial Assessment letter, this will be reviewed and taken into account for future charging. A review process has been undertaken and all packages where income was not being collected has now been resolved.	Complete

Appendix 1 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
12	R19 The Council should continue to reduce the number of open jobs on CONFIRM so that there are no complete jobs left open. A full reconciliation between CONFIRM and the general ledger on an accruals basis should be carried out on a regular basis.	3	Environment, Sustainability and Highways	Yes	In order to assist the automation of accruals and for general data integrity, significant effort has been input into ensuring that jobs are marked as complete within CONFIRM. The monthly reconciliation process between CONFIRM and IFS is in place. However, it must be noted that the reconciliation is not on a full accruals basis - rather it is on a cash/payments basis.	Complete
12	R20 The Council needs to be satisfied that its procedures to ensure that obligations under Section 106 agreements are fulfilled within a reasonable period of time.	2	Environment, Sustainability and Highways	Yes	Environment, Sustainability and Highways Finance will review staff responsibilities and procedures to ensure that S106 obligations are undertaken on a timely basis.	March 2010
12	R21 The Council should consider including additional information regarding the self-insurance provision in the 2009/10 accounts. This should include how the balance on the provision is calculated and the nature of the risks insured against.	1	Insurance		The Actuary's report will be able to provide all the information for inclusion in the 2009/10 Accounts.	April 2010

The Audit Commission

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