

| Issue and risk | Recommendation | Management response | Progress update |
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| <p>Valuation of PPE: the balance sheet at 31/3/18 should reflect valuations at 31/3/18. For any assets not valued the Council must demonstrate that there has not been a material change in value.</p> <p>We noted that the revised asset register did not include information on impairments, which made the accounting for changes to valuations difficult and was a factor in the adjustments required on page 25. The asset register has now been updated and will be included going forward.</p> | <p>The Council will be appointing a new valuer in 2018/19 year. The Council should consider how best to ensure that the valuation of assets complies with the code. Valuations as at 31 December with a clear articulation by the valuer of movement in the last quarter should be considered as this would provide more up to date position and potentially reduce the number of subsequent valuations.</p> <p>If the current practice of 1st April valuations is to continue then officers should engage more closely with the valuers to agree an approach to reflect the in year changes in value in the financial statements. The use of indices is not acceptable unless these are agreed by the valuer as a reliable approach to inflate year-end values.</p> | <p>Agreed- consideration will be given to amending the valuation date to the 31st of December in future years. The appointment process of the new valuer will ensure that the latest best practice guidance for such services are incorporated in the specification for the work.</p> | <p>Following a successful procurement process a new valuer has been appointed for a period of 3 years with a valuation date of 31st March 2019.</p> |
| <p>Quality Control and preparation of working papers: Market Forces Review. There were material inconsistencies between assets considered for market review, and those assets held on register. The consequence was</p> | <p>As this is the second year that we have experienced issues in this area, the detailed working papers to support revaluations and in particular the market</p> | <p>As part of the lessons to be learnt process following the audit there will be a review of how best to prepare for this part of the audit looking to learn from</p> | <p>Using an end of year valuation date and a bi-annual valuation programme will minimise any risks of a material difference arising from a market forces review of assets not valued.</p> |

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| the assumptions that officers made around whether a material difference existed on the carrying value of assets was materially incorrect and more valuations were instructed at a late stage of the audit. | forces review should be reviewed by a senior officer. Challenge around the assumptions and outcomes of the valuations and reasonableness of the movement should be clearly evidenced and provided within working papers. | examples of best practice across the local government community. | |
| Quality Control and preparation of working papers: We recognise that officers made considerable efforts to support the audit. All the samples were turned round quickly and there were relatively few queries arising from that work. Also additional resource was obtained to deal with group accounts and other technical queries raised and this helped. | Management should have a 'wash up' meeting following this years audit and plan how staff will support the audit next year, particularly in the higher risk areas of the accounts. | We have disclosed a greater level of detail this year due to this being the first year of preparing group accounts, we aim to implement the suggestions made in next years accounts. | A wash up meeting has been held, a timetable is in place, progress is being made and training events are being attended. |
| Group accounts: The Council has for the first time prepared group accounts. We have worked with officers during the audit to refine the notes to ensure they fully code compliant. | Next year officers should look to further streamline the group accounts notes, so that the disclosure is clearer whilst ensuring sufficient prominence. | This was the first year of producing group accounts, and the lessons to be learnt process following the completion of the audit will consider how to improve and streamline the process of producing the group accounts and the subsequent notes. | This is intended to be agreed at the external auditors interim audit visit falling due. |
| Elimination of school balances: from our debtors testing we identified that debtors control account contained balances with | There should be an evidenced review of debtors and creditors control accounts to ensure that | This was a one off issue due to the bank holiday weekend falling over the year end resulting in a delay in the receipt of funds | A new task has been added to the year-end timetable to |

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| schools under local authority control, which should under the code be eliminated. | inter-authority transactions are eliminated. | through a direct debit arrangement in place with schools. This will be reviewed at each year end going forward. | complete this review and complete any necessary actions. |
| The statement of accounts is a relatively clear and concise statement of accounts. To further improve we consider that the content of the narrative report could be expanded to include the capital outturn, and non financial performance information around the Council and the group. Footnotes should be added to explain significant changes in numbers year on year and significant estimates and judgements should be reviewed to reflect matters within the accounts. | Officers should reflect on the purpose of the narrative foreword and how the overall presentation can be enhanced to more fully 'tell the story' of the Council's financial arrangements in the year. | The Council will review its approach to the compilation of the narrative section of the report and ensure that it learns from the best in the class. | This work has started and will continue until the completion of the audit work. |
| Officers recognise that further progress is need to improve capital reporting, accuracy and transparency. This is even more important in view of the size of the capital programme going forward. | Members of the audit committee should receive clear and specific assurance around the progress being taken to improve capital recording, monitoring and reporting. Further consideration should be given to the governance arrangements around capital programme and monitoring so that there is greater opportunity for members to be engaged and | The Audit and Governance Committee have been kept fully appraised of the ongoing process to improve the governance and transparency around the capital program. | A suitable review will be scheduled into the internal audit program. |

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| | to understand the financial position on some of the more high profile capital schemes | | |