

REPORT TO: SCRUTINY COMMITTEE - 16 APRIL 2014
REPORT ON: KPMG INTERIM MANAGEMENT REPORT – FOR YEAR ENDED 31 MARCH 2014
REPORT BY: DIRECTOR OF CORPORATE SERVICES
REPORT NO: 190-2014

1 PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee the Interim Management Report for the year ended 31 March 2014 prepared by the Council's External Auditor, KPMG.

2 RECOMMENDATIONS

Members of the Committee are asked to note KPMG's report and to approve the agreed management actions in response to KPMG's recommendations.

3 FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report. Any costs associated with implementing KPMG's recommendations will be contained within existing budgets.

4 MAIN TEXT

4.1 The report summarises the findings from KPMG's interim management review of the Council for the year ended 31 March 2014. These findings have been discussed with management and an agreed action plan in respect of the 3 recommendations made by KPMG is included as an appendix to the report. The implementation of the agreed management actions will be monitored by both the Council and by KPMG, with progress being reported to elected members in due course.

4.2 The External Auditor will prepare a final report to members for the year ended 31 March 2014, following the audit of the financial statements. This report will be submitted to elected members later in 2014.

5 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

6 CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted on the content of this report.

7 BACKGROUND PAPERS

None.

MARJORY M STEWART
DIRECTOR OF CORPORATE SERVICES

03 APRIL 2014



cutting through complexity

Dundee City Council

Interim management report

Audit: Year ended 31 March 2014

2 April 2014

For scrutiny committee consideration on 16 April 2014



Contents

This interim management report and audit status summary is presented in connection with our audit for the year ending 31 March 2014 under the terms of our appointment by the Accounts Commission for Scotland. The contacts at KPMG in connection with this report are:

David Watt

Director, KPMG LLP

Tel: 0141 300 5695

Fax: 0141 204 1584

david.watt@kpmg.co.uk

Keith Macpherson

Senior Manager, KPMG LLP

Tel: 0141 300 5806

Fax: 0141 204 1584

keith.macpherson@kpmg.co.uk

Natalie Dyce

Audit Assistant, KPMG LLP

Tel: 0141 300 5746

Fax: 0141 204 1584

natalie.dyce@kpmg.co.uk

	Page
Business and audit issues update	2
Control framework	5
Governance framework	7
Performance management	10
Appendices	13

About this report

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's *Code of Audit Practice* ("the Code").

This report is for the benefit of Dundee City Council ("Council") and is made available to Audit Scotland and the Accounts Commission (together "the beneficiaries"), and has been released to the beneficiaries on the basis that wider disclosure is permitted for information purposes, but that we have not taken account of the wider requirements or circumstances of anyone other than the beneficiaries.

Nothing in this report constitutes an opinion on a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the scope and objectives section of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the beneficiaries) for any purpose or in any context. Any party other than the beneficiaries that obtains access to this report or a copy and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the beneficiaries.

The purpose of this report is to update the scrutiny committee on our progress on the audit of Dundee City Council (“the Council”) for the year ending 31 March 2014 and to report matters arising from our recent interim visit in connection with that audit.

Introduction

We have completed our interim audit visit where we tested a selection of higher level controls and held discussions with management to update our understanding of the key business and audit issues for Dundee City Council.

Our year end procedures will include detailed substantive testing of key financial statement captions. We will also update our understanding of the key business and audit issues during our final audit and report our findings in our annual audit report.

This report provides the scrutiny committee with an update on:

- the key business issues identified in our audit strategy document;
- additional audit issues identified during our interim visit; and
- the results of our higher level and entity wide controls testing.

Business update

There are a number of changes taking place at the moment across the public sector and many of these have implications for the Council in how it manages and delivers its services. This creates a number of challenges for the Council from both a financial perspective and a wider operational perspective. We have updated our understanding of a number of key business issues facing the Council during our interim audit visit.

Integration of health and social care

The Council is continuing preparations for the integration of health and social care. The legislation for Integration, Public Bodies (Joint Working) (Scotland) Bill is currently progressing through its legislative process. This legislation is intended to lead to the integration of health and social care.

This will have an impact on both the Council and NHS Tayside and a new entity will be required to manage the process. The body corporate model has been chosen for this. The body corporate model between the Council and the Health Board will be put in place as a separate legal entity. The body corporate will likely fall within the definition of a group entity and hence will require to be considered for inclusion in the Council’s group financial statements once established.

Welfare Reform

The Council, as both a recipient of council tax benefit and an administrator of housing benefits, will be affected by the more significant elements of welfare reform. These changes are continuing to be delayed and so we do not anticipate that they will have a significant impact on the 2013-14 financial statements.

We have reviewed the arrangements currently in place and, in line with our previous reporting, are satisfied that management are giving welfare reform the appropriate consideration at this time.

Police and fire reform

Following the creation of a national police force and fire and rescue service from 1 April 2013, under The Police and Fire & Rescue Reform (Scotland) Act 2012, the Act included a framework for the delivery of local scrutiny and engagement arrangements.

The Council’s policy and resources committee (police, fire and community safety) has taken on the scrutiny function. Members receive reports covering performance reports, strategic plans as well as updates on operational issues facing local policing, fire and rescue services and community safety initiatives. This demonstrates ongoing local involvement in the scrutiny and engagement with these national services.

Audit Issues Update

Group accounting

Following national police and fire reform, and the dissolution of the Tayside Joint Police Board and Tayside Fire & Rescue Board, management had undertaken to reconsider the impact on the Council's group accounts boundary, given that these entities no longer exist to be consolidated as associates in the Council's group accounts.

Management have decided to continue to prepare group accounts in 2013/14 in light of anticipated future changes to relevant accounting standards and the potential impact of health and social care integration. We are in agreement with this course of action.

Financial reporting for charitable trusts

From 2013-14, all charitable trust funds registered with the Office of the Scottish Charity Regulator ("OSCR") will require an audit. Currently the Council has 30 registered charities. Financial statements for the 29 charities where the Council is the sole trustee are reported in one document, as connected charities. The remaining charity, Lord Provost of Dundee Charity Fund reports in separate financial statements. Management intend to carry out a rationalisation process to reduce the number of charities and, therefore, the administrative and financial costs to the Council.

Property, plant and equipment valuation

We have reviewed management's preparatory analysis and instructions to the valuer for the 2013-14 valuation programme. We will ensure an ongoing dialogue with management is maintained to ensure that the valuations are agreed before the year end. As part of this process management should ensure they consider the results of the valuation in terms of the accounting impact this may have.

As part of our interim audit procedures we have reviewed the current financial position and forecast outturn to the year end.

Consideration of management information and the Council's arrangements for its compilation and monitoring has not identified any additional audit risks; the Council's financial performance appears to be broadly in line with expectations.

Financial position - revenue

The Council set a breakeven revenue budget for 2013-14. The revenue outturn monitoring report as at 31 January 2014 (as reported to the policy and resources committee on 10 March 2014) shows a projected surplus of £0.05 million. Significant movements from the original budget are summarised in the table below.

Movements from original budget		
	£'000	£'000
Original budgeted outturn		-
<i>Budget adjustments</i>		
Council tax reduction scheme grant	(9,469)	
Council tax reduction scheme costs	9,469	
Other increases in expenditure	3,916	
Additional grant	(1,636)	
Use of balances brought forward	(2,280)	-
<i>Variances from budget</i>		
Increase in city development costs	300	
Increase in environment costs	250	
Decrease in chief executive costs	(100)	
Decrease in capital financing costs	(500)	
Forecast outturn surplus at 31 January 2014		(50)

Source: KPMG's analysis of information provided by management.

The forecast position after nine months of the financial year represents a significant improvement on the forecast deficit outturn of £1.076 million reported for the same period in 2013.

The principal reason for the improved position is the elimination of social work budget overspends. Additional provision totalling £4.4million was added to the social work budget for 2013-14. Furthermore, budget adjustments processed during 2013-14 have further increased the social work budget by £1.3million.

Financial position - capital

The Council approved a general services capital budget of £53.5 million for 2013-14. This has been subject to budget adjustments throughout the year, with the capital monitoring report to 31 January 2014 (as reported to the policy and resources committee on 10 March 2014) showing an overall budget adjustment downwards of £4.2 million, resulting in a forecast outturn of £49.4 million.

The projected outturn is forecast to be in line with the adjusted budget. The table below illustrates the reported budget adjustments and variances during 2013-14.

The housing revenue account had an approved capital budget of £20.239 million for 2013-14. A variance of £0.4 million in the forecast outturn was reported in the capital monitoring report to 31 January 2014.

Movements from capital budget	General services	Housing Revenue Account
	£'000	£'000
Original budgeted outturn	53,534	20,239
<i>Budget adjustments</i>	(4,157)	-
Revised budget	49,377	20,239
Reported variances	-	441
Forecast outturn at 31 January 2014	49,377	20,680

Source: KPMG's analysis of information provided by management.

Our testing of the design and operation of controls over significant risk points confirms that, with the exception of weaknesses reported, controls are designed appropriately and operating effectively.

We will assess the impact of control weaknesses on our audit approach and increase our substantive audit testing where required.

Our audit plan identified the classes of transactions, disclosure and account balances that are significant to the financial statements. Where the audit objective has a controls approach, we have obtained an understanding of accounting and reporting activities over each significant account and identified and tested key financial controls. We have evaluated the design and implementation of these controls and, where appropriate, tested the operating effectiveness.

We have followed up a number of recommendations made in our interim management report dated 31 May 2013 to determine whether these recommendations have been addressed.

Audit area	Key controls	Findings
Income and expenditure	<ul style="list-style-type: none"> Budget monitoring Reconciliations 	<ul style="list-style-type: none"> The Council has a robust budget setting process, with involvement from various key members of staff. Performance against budget is monitored on a regular basis and formally reported to the policy and resources committee via the budget monitoring reports. We found this control to be designed and operating efficiently. We recommended in our 2012-13 interim management report that a framework for documenting and reviewing the key financial reconciliations be developed. We note the progress management have made in reviewing the key reconciliations carried out, however, there is still progress to be made in this area. <p style="text-align: right;"><i>Recommendation one</i></p>
Treasury	<ul style="list-style-type: none"> Bank reconciliations 	<ul style="list-style-type: none"> We noted in our 2012-13 interim audit report that reconciliations were not carried out for each key bank account and that some bank reconciliations were not independently reviewed in a timely manner. Our testing during the 2013-14 interim audit found improvements in this area, with reconciliations for all key accounts carried out. However, we did find that some reconciliations were not prepared in a timely manner due to other commitments relating to the year end process. Furthermore, one of the bank reconciliations in our sample did not have the correct signed version scanned and saved. <p style="text-align: right;"><i>Recommendation two</i></p>

Audit area	Key controls	Findings
Journals	<ul style="list-style-type: none"> ■ Automated journal controls ■ Quarterly authorisation of journals 	<ul style="list-style-type: none"> ■ We recommended as part of our 2012-13 interim audit report that journals should be subject to independent authorisation and review prior to posting to the financial ledger and, as a minimum, quarterly sample testing should be introduced as a matter of priority. ■ Management have now introduced quarterly testing of a statistical sample of journals, which commenced in quarter three. We also plan to test the quarter four control at the final audit. However, at this stage the control appears to be designed appropriately. Management should ensure that this control now operates each quarter and to effectively prevent and detect fraud.
Risk management	<ul style="list-style-type: none"> ■ Risk register ■ Scrutiny committee consideration of risk 	<ul style="list-style-type: none"> ■ An internal audit review carried out during 2012-13 identified weaknesses in the risk register and recommended management make improvements to the current process. The internal audit follow up report to the February 2014 scrutiny committee noted that two actions in relation to risk management has not yet been fully implemented. ■ One of the key recommendations included in the internal audit follow up report was to ensure that the scrutiny committee received appropriate updates on risk to allow it to discharge its responsibilities in this area effectively. Internal audit note that no risk updates have been reported to the scrutiny committee to date. However, we understand that an updated risk register is due to be reported to the scrutiny committee in June 2014 once the policy and resources committee has approved the register. Following this, management anticipate that the scrutiny committee will receive more frequent updates on risk.

Organisation-wide controls often have a pervasive impact on control activities, and therefore on our assessment of the risk of significant misstatement within the Council's financial statements.

We have updated our understanding of the key audit areas opposite during our interim audit visit.

Our interim audit fieldwork was based on gaining an understanding of the strategic and operating culture and framework in which services are delivered. Audit procedures performed to gain an understanding about the design and implementation of relevant controls include inquiring of senior personnel, observing the application of specific controls and inspecting documents and reports.

Audit area	Key areas considered	Findings
Financial management	<ul style="list-style-type: none"> Financial analysis Financial reporting 	<ul style="list-style-type: none"> The financial regulations set out the requirements for budget setting, monitoring and reporting. Formal revenue budget monitoring is completed on a monthly basis for periods three to 11. Departmental accountants meet with departmental staff to gain an understanding of the financial position of the service, including the actual expenditure to date. The accountants conduct their own analysis to identify and quantify variances and the forecast outturn to the year end. Budgets are not phased in the financial ledger and, as such, variances are not reported against expected expenditure throughout the year. Explanations are provided for variances; these are included in the revenue monitoring report provided to the policy and resources committee. This approach is viewed by management as forward looking and provides a holistic overview of the Council's financial performance. As part of the budget setting process management and members agree budget savings to close the budget gap. These savings are incorporated into the annual budget which is monitored.
Organisation-wide policies	<ul style="list-style-type: none"> Standing orders and scheme of delegation Code of conduct Employee handbook Helpline for employees policy Counter fraud policy 	<ul style="list-style-type: none"> Organisation-wide policies are important as they set the tone of the Council, outline expectations of employees, document key processes to be followed by all staff, and communicate the culture of honesty and ethical behaviour. The majority of these policies have recently been updated to reflect new requirements and are available to all staff on the intranet. We reviewed the new corporate fraud and corruption policy as described in the business update. One of the key improvements to the governance framework is the introduction of the "Corporate Fraud and Corruption Policy". This policy has been prepared by management and was approved by the policy and resources committee on 10 February 2014. This policy is intended to allow the Council to adopt the "Fighting Fraud Locally – The Local Government Fraud Strategy" as championed by the National Fraud Authority.

Audit area	Key areas considered	Findings
Related parties	<ul style="list-style-type: none"> ■ Elected members' register of interest ■ Senior officers' register of interest 	<ul style="list-style-type: none"> ■ Separate registers of interest exist for elected members and senior officers. The elected members' register of interests is updated every 6 months and the declaration of members' interests is the first item on the agenda for all Council and committee meetings. Our enquiries confirmed that the senior officers' register of interests is updated every 18 to 24 months, with officers expected to inform the head of democratic and legal services of any changes in between updates. Should a senior officer have an interest to declare in an item of business coming before the Council or a committee they should declare this interest at the meeting and leave the room while the item is being considered. ■ All Council and committee meeting agendas require attendees to declare interests relevant to specific items. The requirement to declare relevant interests applies whether or not the register of interests has been updated accordingly. <p style="text-align: right;"><i>Recommendation three</i></p>
Risk management	<ul style="list-style-type: none"> ■ Risk management strategy ■ Corporate risk register ■ Strategic department risk register ■ Operational risk register ■ Risk monitoring 	<ul style="list-style-type: none"> ■ The Council's strategic management of risk is included within the remit of the risk and business continuity manager. The scrutiny committee has responsibility to consider and monitor the strategy, plan and performance of the Council's risk management arrangements and seek assurances that action is being taken on risk related issues. ■ A corporate risk register is in place supported by directorate risk registers. There is a Council-wide risk management group with responsibility for supporting the operational risk management arrangements.

Audit area	Key areas considered	Findings
Internal audit	<ul style="list-style-type: none"> ■ Annual internal audit plan ■ Sample sizes ■ Reliance on individual internal audit reviews 	<ul style="list-style-type: none"> ■ The internal audit plan is developed prior to the start of each financial year. In developing the plan, the chief internal auditor informs this plan from: <ul style="list-style-type: none"> – discussions with departmental heads to identify risk and areas of concern; – risk assessment using CIPFA indicators; and – consultation with the risk manager and review of risk registers. ■ The internal audit plan provides a detailed and comprehensive overview of the Council's activities and risks. It is delivered through a mixed approach with audits performed internally and specialist audit work conducted by contractors. ■ Internal audit reports are provided to management with an executive summary provided to the scrutiny committee. ■ In our audit strategy, we reported that we planned to pay particular attention to internal audit's work on: <ul style="list-style-type: none"> – Community planning partnership; – Partnerships; – Performance information; – Corporate governance; – Information governance; – Income collection; and – Invoice processing. <p>We have evaluated this work and used it to modify the level of planned testing and to increase our understanding of the risk environment of the Council.</p>

Our audit strategy and plan set out a number of performance management audits that we are required to carry out.

Audit area	Overview	Findings
National fraud initiative	<p>NFI helps participating bodies to identify possible cases of fraud, and to detect and correct any under or overpayments. NFI also helps auditors to satisfy their duties to assess bodies' arrangements for preventing, deterring and detecting fraud.</p>	<p>In December 2013, we carried out a review of the Council's progress in the investigation of data matches and also considered wider aspects such as management attitude to the exercise. Overall, we are satisfied with the progress made in the investigation of matches and the level of engagement in the NFI exercise. The key findings from this review are summarised below:</p> <ul style="list-style-type: none"> ■ management demonstrated commitment to investigating all data matches and adequate resources have been allocated to the NFI exercise; ■ the recommended checklist was not used in preparing for the NFI exercise – progress to date indicates that this has not had any adverse affects; ■ all NFI data was submitted on time using the secure data file upload facility; and ■ investigation of data matches began within a reasonable timeframe, with the exception of the payroll and housing departments where delays were experienced. <p>Overall good progress was made in processing matches, albeit some minor improvements could be made to the internal process to avoid delays.</p>
Shared risk assessment, Best Value and the Single Outcome Agreement	<p>Local area networks ("LANs") have been established for each council to bring together local scrutiny representatives in a systematic way. The national scrutiny plan is underpinned by an assurance and improvement plan ("AIP") for individual councils.</p>	<p>As your external auditor, we are a key member of the LAN. We have met with members of the local area network, and will continue to participate and cooperate with other scrutiny bodies.</p> <p>The Council LAN has completed the process of updating the AIP for the period 2014-15. Audit Scotland have released a draft 2014-17 AIP which has been discussed with senior management within the Council. We will consider the final version of the AIP when published.</p>

Audit Scotland periodically undertakes national studies on topics relevant to the performance of local government bodies on behalf of Audit Scotland.

Since drafting our audit strategy, Audit Scotland has confirmed a number of national studies for specific follow up work.

We will review management's response to these and will report our findings to Audit Scotland.

Local response to national studies

Audit Scotland periodically undertakes national studies on topics relevant to the performance of local government bodies. While the recommendations from some of the studies may have a national application, elements of the recommendations are also capable of implementation at individual organisation level, as appropriate.

In order to ensure that added value is secured, Audit Scotland and its appointed auditors, will continue to ensure that audited bodies respond appropriately to reports from Audit Scotland's programme of national performance audits. We will therefore be required to make returns to Audit Scotland that performance reports have been considered by management and that action has been planned in response. We are currently working with management to assess how the Council has responded to relevant national reports, and will prepare returns to Audit Scotland.

Auditors are required to provide the following information:

- Was the report discussed at any executive board or committee? If so, which committees and on which dates?
- Did the body carry out a self-assessment against the national report's findings?
- Did the body produce an action plan (a copy of which will be provided to Audit Scotland)?
- Are there plans to provide committee(s) with feedback on actions?

We recommended in our interim management report dated 31 May 2013, that Management should ensure that the content of all relevant national reports are considered by the scrutiny committee. We noted that both Audit Scotland national reports requiring follow up during 2013-14 had been presented to the scrutiny committee.

Arms Length External Organisations: are you getting it right?

The Accounts Commission has had an on-going interest in Arms Length External Organisations ("ALEOs") for some time. This has included the 1996 report *Following the public pound*, and the 2011 report *Arms Length External Organisations: are you getting it right?*

In order to provide a position statement and assess progress since the report was published, the Accounts Commission is seeking to confirm, for each council:

- How many ALEOs does the council have.
- The legal status/ relationship the council has with each ALEO.
- The services delivered by the organisation.
- The scale of the organisation (workforce, turnover, assets etc.).
- Description of the governance arrangements the council has for overseeing ALEOs.
- The effectiveness of those governance arrangements.

We will be completing a short report in relation to these areas and will report to the Council and Audit Scotland by 31 May 2014.

Major capital investments in councils

Audit Scotland published the report *Major capital investments in councils* in March 2013. Audit Scotland has requested auditors to undertake a two stage follow up review to consider the impact of this at a local level. The purpose of this targeted follow up is to establish to what extent councils have improved performance in managing their capital investment programmes.

The first stage of this is applicable to all councils and will consider the information in the box below:

Stage 1 – specific audit questions:

- Have the recommendations from the report *Major capital investment in councils* been considered and effectively implemented?
- Do councils have sustainable capital investment plans which reflect strategic priorities?
- Are elected members provided with sufficient information to support effective scrutiny and decision-making?

We will complete a short return on stage one and submit to Audit Scotland by 30 June 2014.

The second stage is applicable to a selected sample of councils and will consider reaction to the report in more detail. Dundee City Council has been selected to participate in stage two along with eight other councils. Stage two considers three main areas as set out in the box opposite.

We will prepare a report which addresses the areas outlined in stage 2 by 30 November 2014. This report will be submitted to the director of corporate services and should be formally considered by the scrutiny committee.

Stage 2:

1. Capital investment strategy

- The consideration of the needs and constraints for capital investment;
- The council's established priorities;
- Stakeholder consultation; and
- Opportunities for joint working arrangements.

2. Risks and benefits management:

- Early assessment of risk and uncertainty;
- Information to elected members on capital project and programme risks;
- Overall performance evaluation of the capital investment programme; and
- Information to elected members on intended and realised benefits of capital investment projects and programmes.

3. Governance arrangements:

- Is there a clear and effective governance structure in place to support the capital investment programme?
- Is there standard criteria for the content of business cases that reflects good practice?
- Does the council have clearly defined project milestones for monitoring and reporting on capital projects
- Does the council have a policy to collect and retain information on all capital projects
- Does the council have a policy to carry out post-project evaluations (PPEs) within six months of a project being complete?
- Does the council provide training to elected members on capital issues?

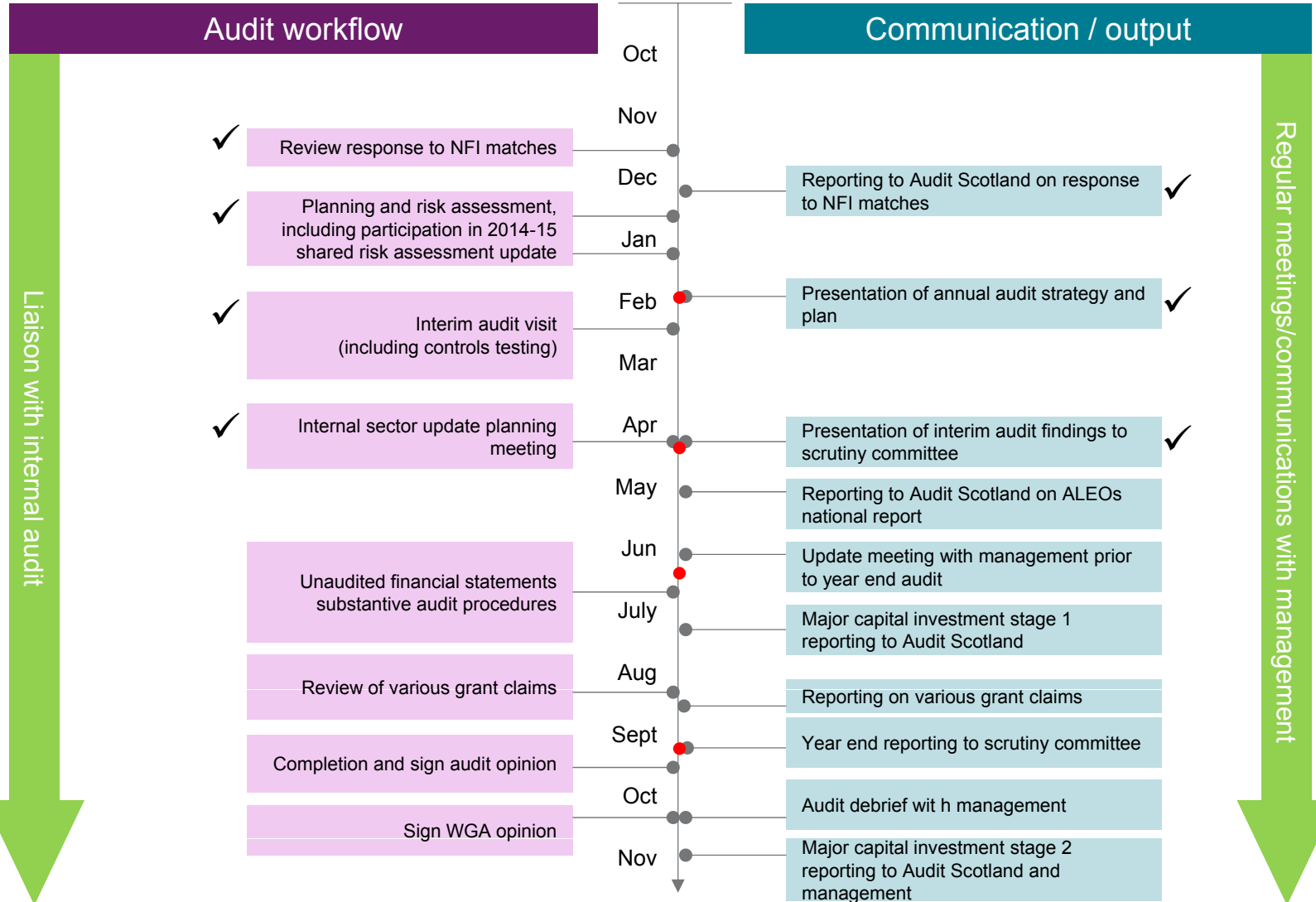


cutting through complexity

Appendices

Out timetable is largely unchanged from the prior year, but will be subject to refinement through discussions with management.

We have now substantially completed the planning and control evaluation phases of our audit.



The action plan summarises specific recommendations, together with related risks and management’s responses.

We have identified one grade two (‘material’) observation and two grade three (minor) recommendations.

Priority rating for recommendations

Grade one (significant) observations are those relating to business issues, high level or other important internal controls. These are significant matters relating to factors critical to the success of the Council or systems under consideration. The weaknesses may therefore give rise to loss or error.

Grade two (material) observations are those on less important control systems, one-off items subsequently corrected, improvements to the efficiency and effectiveness of controls and items which may be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified.

Grade three (minor) observations are those recommendations to improve the efficiency and effectiveness of controls and recommendations which would assist us as auditors. The weakness does not appear to affect the availability of the control to meet their objectives in any significant way. These are less significant observations than grades one or two, but we still consider they merit attention.

Finding(s) and risk(s)	Recommendation(s)	Agreed management actions
1. Financial controls – Reconciliations		Grade two
<p>Through our testing during the 2012-13 audit we identified that several daily, weekly and monthly reconciliations were either not performed regularly or not documented appropriately. In addition, several reconciliations were not subject to evidenced independent review.</p> <p>Some progress has been made to date in drafting a list of all the main reconciliations carried out. This will then be used to determine who will be responsible for carrying out each reconciliation.</p>	<p>We understand that management are intending to develop a framework in which reconciliations will be documented on a regular basis during the year.</p> <p>As part of this framework, it is important that the correct staff are identified to perform reconciliations, which means that staff involved in processing the source data should not subsequently be involved in reconciling this data, which ensures an appropriate level of independent review of work.</p>	<p>Work is on-going to establish a corporate framework for undertaking and documenting key reconciliations across the Council.</p> <p>Responsible officer(s): Director of Corporate Services</p> <p>Implementation date: 31 August 2014</p>

Finding(s) and risk(s)	Recommendation(s)	Agreed management actions
2. Bank reconciliations		Grade three
<p>Our testing identified that some reconciliations were not prepared in a timely manner due to other commitments relating to the year end process. There is a risk that misstatements due to fraud or error are not detected and resolved in a timely manner</p> <p>Furthermore, one of the bank reconciliations in our sample did not have the correct signed version scanned and saved.</p>	<p>Management should ensure that all bank reconciliations should be completed in a timely manner and are documented appropriately.</p>	<p>All bank reconciliations will be completed in a timely manner and documented appropriately.</p> <p>Responsible officer(s): Financial Services & Investment Manager</p> <p>Implementation date: With immediate effect</p>
3. Senior officers' register of interests		Grade three
<p>Separate registers of interest exist for elected members and senior officers. Our enquiries confirmed that the senior officers' register of interests is updated every 18 to 24 months. Officers are expected to update the head of democratic and legal services of any changes in their interests as these arise.</p>	<p>Best practice would suggest that the senior officers' register of interests should be updated on an annual basis to ensure that it is kept up to date.</p>	<p>The officers' register of interests will be updated on an annual basis and officers will also be reminded of the requirement to update the register when a new interest arises.</p> <p>Responsible officer(s): Head of Democratic & Legal Services</p> <p>Implementation date: 31 August 2014</p>



cutting through complexity

© 2014 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved. Use of this report is RESTRICTED – See Notice on contents page.

The KPMG name, logo and “cutting through complexity” are registered trademarks or trademarks of KPMG International Cooperative (KPMG International).