

Recommendation	Finding	Responsibility	Priority	Auditor Comments	Response	Actions	Commentary	Evidence Provided	Complete By:	On target/ ahead of target/ behind target / complete / not due
1	Revaluations - Schools	Assets - Michael Gilbey	High	The Council Valuer will need to consider which assets are revalued in 2012/13 to avoid any problems with part valuation of schools. The Council should ensure that changes in valuations as at April and at the year end (31 March) are fully considered by finance as well as estates before deciding whether to account for these in the financial statements. A full valuation of schools should be completed as at 1 April 2012.	Rolling Programme with External Audit for consideration.	Agree rolling programme of valuations with External Audit. Issue instructions to Assets - Valuer. Complete agreed valuations in line with agreed programme,	The rolling programme for valuations has been agreed with the External Auditor. The instruction to the Valuer has been issued, requesting valuations to be completed by 28 February 2013 in line with the Final Accounts Timetable.	Evidence Provided	Complete	The Rolling Programme includes the following assets: CYPs Phase B, Surplus, Assets held for Sale, investment, Housing, Ad-Hoc, and Annual Impairment Review. Although Wear Valley was the only housing area requiring a full valuation, owing to significant variations in values since the previous full valuation a sample of Durham City and Easington area houses were revalued and as there were no significant variations in value since the previous valuation then the Land Registry percentage impairment was deemed to be the correct valuation approach. In addition we review the Surplus and Investment properties but these are not reviewed until the year end with a valuation date of 31 March 2013.
2	Asset Register Reconciliation to Ledger	Ian Herberson	High	Reconciliations between the fixed asset register and the general ledger should be completed as part of the closedown period and must reconcile to all figures in the PPE note in the accounts. This should be supported by working papers and be completed prior to submission of the draft statements. The asset register should be updated regularly throughout the year (including additions).	Although reconciliations were provided, they did not adequately verify all the figures in the PPE note. From 2012/13 the reconciliations will be extended to include verification of all movements recorded in the PPE Note. It is agreed that the asset register should be updated regularly throughout the year (including additions), however this is a challenge as it requires the continual reconciliation of additions to capital expenditure, which it is only possible to finalise at the year end. It is a further time consuming exercise to evaluate the additions for adding value to the asset.	Complete reconciliations for all entries in PPE note. Evaluate the benefit of including additions during the year.			Complete	Reconciliations have been completed. These are with External Audit for review. The benefit of including additions during the year is still under review.
3	Asset Register - Migration of Housing Dwellings	Ian Herberson	High	Easington Council Dwellings records are held on a village basis and not on an individual asset basis. The Council should look to migrate all three housing asset registers for council dwellings onto the IPF Asset Manager as soon as is practicable to address this issue.	Separate report to Audit Committee - 22 November 2012		The project has suffered some delays due to delays at CIPFA in processing data and other conflicting workload priorities. It is anticipated that all information on Housing Assets will be with CIPFA by 28 February 2013. This delay should have no impact on 2012/13 closing of accounts.		Complete	Wear Valley, Easington and City of Durham Housing Assets have now been processed by CIPFA and were available in the live Asset Register from 3 April 2013. The information has been fully reconciled.
4	Working Papers	Hilary Appleton	High	The Council needs to ensure that final accounts working papers are prepared by officers as part of the closedown arrangements and a full set available for the beginning of the audit. There should be a clear audit trail to the figures in the statements and notes. This process will involve considerable effort but I am confident that the number of audit queries will reduce and more importantly so will the demands on officers' time.	Strategic Finance are discussing the format and extent of working papers that the External Auditor would expect to be provided. When devising the Final Accounts timetable for 2012/13 Closure of Accounts, it is proposed to build in an action and time for the completion of good quality working papers. A central repository will be established which adequately signposts the working papers provided to the Notes to the Statement of Accounts.	Add action 'working paper completion' into Final Accounts Timetable. Create a central repository for the deposit of completed working papers ready for External Audit consideration. Ensure the quality of the working papers is improved.			Complete	The working papers have been filed in a central repository from all services. The quality of the working papers will be assessed by External Audit during the audit of the accounts, but improvements have been made.
5	HRA Rents	Azhar Rafiq	High	Officers were unable to provide a detailed breakdown of the weekly rent income figure, for the week 02/01/2012 – 08/01/2012, from the Durham City Homes rents system because only one individual who works offsite has the appropriate knowledge to allow an interrogation of the system. Officers should ensure that they have the appropriate knowledge within the council to enable them to complete this task.	Reports to provide specific evidence were not available on the Rent System – however, we are able to provide a standard system report which details all transactions over a period identified. Unfortunately, this report is a text file and does not have the facility to sort/query and the size of such files can also negate manual reconciliation. Although the County Council uses a contractor, there are other means of providing the appropriate reports. The County Council will however consider how the appropriate skills and knowledge can be gained by officers. Officers will liaise with External Auditors prior to the year end to establish what evidence/information will be required for 2012/13 Audit so that this can be made	Arrange for the required reports to be available as soon as possible after the year end. Investigate the possibility of providing reports in a format that allows interrogation i.e. not a text file. Consider how appropriate level of skills & knowledge to interrogate the system can be gained.			Complete	This was a one-off report dealing with a specific rent query in 2011/12. To date all requests for evidence and/or explanations in relation to HRA rents have been provided to external Audit.
6	HRS ALMOs	Azhar Rafiq	High	Both East Durham Homes and Dale and Valley Homes should be requested to specifically show a charge for 'Supervision and Management' and 'Repairs and Maintenance' on their periodic management fee invoices to provide a more robust method for finance officers to be able to prepare the classification needed for the accounts.	The management agreement with the ALMOs is a single agreement in return for a single management fee which is negotiated annually and we do not have separate funding agreements for repairs and management expenditure. The two ALMOs prepare income and expenditure accounts in line with companies act requirements and for their purposes a distinction is not necessary. The figures used in the final accounts process are developed following detailed and full consultation and agreement with the two ALMOs. Therefore the work required to ensure the figures are robust is already undertaken. Showing a notional breakdown on the invoice is not necessary. The year end position and the entries on the HRA statement are discussed and agreed with ALMO colleagues.	Discuss the information requirements with External Audit prior to the year end. Provide evidence of the agreement of the split of the ALMO fee as appropriate.			Complete	We have provided the year end calculation of the management fee split to external audit, these are currently being audited as part of the HRA Final Accounts.