

# Annual Governance Report

Warwick District Council

Audit 2008/09

Date

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## 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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Ladies and Gentlemen

**2008/09 Annual Governance Report**

I am pleased to present the final version of my report on the results of my audit work for 2008/09.

A draft of the report was discussed and agreed S.151 Officer on 22 September 2009 and has been updated since as issues have been resolved.

The report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report before approving the financial statements (pages 7 to 9);
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3); and
- agree your response to the proposed action plan (Appendix 4).

Yours faithfully

Dave Rigg  
District Auditor  
28 September 2009

# Key messages

This report summarises the findings from the 2008/09 audit which is substantially complete. It includes the messages arising from our audit of your financial statements and the results of the work we have undertaken to assess how well you use and manage your resources to deliver value for money and better and sustainable outcomes for local people.

<b>Financial Statements</b>	<b>Results</b>	<b>Page</b>
Unqualified audit opinion	Yes	4
Financial statements free from material misstatement	No	4
Adequate internal control environment	Yes	8
<b>Use of resources</b>	<b>Results</b>	<b>Page</b>
Use of resources judgements	Yes	5
Adequate arrangements to secure value for money	Yes	11

## Audit opinion

- 1 We intend to issue an unqualified opinion on your accounts.

## Financial statements

- 2 Our audit of your financial statements went smoothly. The statements were presented for audit before the deadline of 30 June, and were accompanied by comprehensive and well set out working papers. Officers were responsive to questions raised during the audit.
- 3 However, there are a number of amendments to the statements as a result of our audit. This year, we have a lower value above which we must report these to you. This year we will report all amendments over £10k. Last year the threshold was £82k.
- 4 The highest value changes to the accounts presented for audit related to movements in the value of fixed assets as a result of ongoing valuations. This approach had been agreed before the audit, and was designed to ensure that asset values were as accurate as possible.
- 5 Where the changes in value were as a result of the economic downturn, these were charged to the Income and Expenditure account in accordance with accounting standards. This caused the Gross Expenditure to increase by £4,446k. However, this does not affect the general fund reserves, nor council tax demand.

## Key messages

- 6 The net effect of other changes which affected the Income and Expenditure account was to increase income by £66k. This led to an increase in the surplus for the year of the same amount.
- 7 The revaluation process also led to an increase in fixed assets totalling £5,296k. This is because assets are revalued on a rolling 5 year programme and some increased in value over that period, despite the recent downward trend in asset values. In accordance with accounting practice, these increases cannot be taken to the Income and Expenditure account, but they are reflected in the Balance Sheet.
- 8 The overall effect of these changes was to increase the Net Worth of the Council by £916k.

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## Use of resources

- 9 The assessment this year has been redesigned, and is harder than in previous years. There are now 10 Key Lines of Enquiry (KLOE) which will be assessed to arrive at a Use of Resources judgement. The Audit Commission determines which KLOE are looked at each year.
- 10 We have assessed the Council as meeting the minimum standard in all relevant KLOE this year. We were therefore able to give an Unqualified Value for Money Conclusion.

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# Next steps

**This report identifies the key messages that you should consider before we issue our financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to our attention in performing our audit. Our audit is not designed to identify all matters that might be relevant to you.**

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**11** We ask the Finance and Audit Scrutiny Committee to:

- consider the matters raised in the report before approving the financial statements (pages 7 to 9);
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- take note of the VFM Conclusion and Use of Resources score;
- approve the letter of representation on behalf of the Council before we issue our opinion and conclusion (Appendix 3); and
- agree your response to the proposed action plan (Appendix 4).

# Financial statements

**The Council's financial statements and annual governance statement are important means by which the Council accounts for its stewardship of public funds. As Council members you have final responsibility for these statements. It is important that you consider our findings before you adopt the financial statements and the annual governance statement.**

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## Opinion on the financial statements

- 12** Subject to satisfactory clearance of outstanding matters, we plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of our draft audit report.
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## Adjustments to the financial statements

- 13** The Council has been obtaining further valuations throughout the course of the audit in order to try to ensure that the values reported are as accurate as possible. This approach was agreed before the start of the audit. As a result of these updated valuations there were impairments taken to the Income and Expenditure account totalling £4,446k and upward revaluations taken to the Balance Sheet totalling £5,296k.
- 14** Testing of equipment additions identified £51k which had been included as additions, but the purchase order had been cancelled. To correct this, the fixed asset equipment balance was reduced by £51k with a corresponding entry to reduce creditors by £51k.
- 15** The creditors balance included an amount of £177k in relation to a potential repayment to HMRC which arose because of timing issues in VAT payments and claims. However, officers confirmed that they have been advised by HMRC that the monies will no longer be required to be paid. Therefore, the creditors balance was reduced by £177k, with a corresponding decrease in the expenditure on Corporate Management in Net Cost of Services. The surplus for the year and general fund reserves therefore increased by £177k.
- 16** Testing identified credit balances totalling £339k which were included in Council Tax debtors. As these balances did not relate to payments received in advance from council tax payers they should have been added back to the debtors balance and classified as creditors. The adjustment was made by increasing debtors and creditors by £339k.
- 17** Testing of NNDR debtor balances identified the same issue as noted above for Council Tax. For NNDR, the amount was £163k. This was corrected by increasing debtors and creditors by £163k.
- 18** The Council has to complete the Housing and Council Tax Benefit Claim form by the end of May. This results in an amount owed to or from the Department for Work & Pensions based on the interim grant received and that actually due. This amount

should be included in the accounts as a debtor or creditor as appropriate. However, we identified that the amount owing to the Council in the accounts (included as a debtor) was £986k whilst the amount owed according to the claim was £938k. The debtor was therefore overstated by £48k.

- 19 In addition, testing on the Housing and Council Tax Benefit Claim form to date has identified that errors were made in completion, and that the effect of these is that the debtor is overstated by a further £63k. The total overstatement is therefore £111k. This was corrected by reducing debtors by £111k, with a reduction in income of £13k in Central Services to the Public in Net Cost of Services and a reduction of £98k in Housing Services. The surplus therefore decreased by £111k, with a corresponding decrease in General fund reserves.
- 20 The Income and Expenditure disclosed in the Housing Revenue Account (HRA) statement should be consistent with the overall Income and Expenditure account. However, we noted inconsistencies which required HRA income to be increased by £268k and HRA expenditure to be increased by £1,608k. This represents expenditure which was either netted off or would be adjusted for in the Movement in HRA Balances.
- 21 Within the Investments figure officers have included an amount of £47k which they state is interest owed to the Council by the fund manager. However, the £47k is not shown on the balance notification received from the fund manager. As this item is in dispute we have not requested the accounts be amended for it, but recommend that the issue is resolved as soon as possible.
- 22 The HRA fixed assets note excluded equipment valued at £264k in 2008/09 with a comparator value for 2007/08 of £341k. As this is a disclosure note, there was no effect on the Balance Sheet.
- 23 The Note of reconciling items for the Statement of Movement on the General Fund Balance (Note 17) incorrectly included £408k relating to amortisation of intangible fixed assets within the Write-downs of Revenue Expenditure Funded from Capital Under Statute figure. Officers amended the note to show it separately. There was no impact on income and expenditure or net worth.
- 24 Following audit work undertaken on the Pension Fund, we identified that the proportion of assets attributable to the Council is understated by 1.98 per cent. This is because the actuary has estimated the value of assets using the actual return on assets to December 2008 and has estimated the return on assets for January to March 2009. The final three months were based on an estimated rate of return of -19.58 per cent compared with an actual return of -17.60 per cent. As a result, the assets in admitted bodies' accounts are understated by 1.98 per cent. Management has included an additional disclosure note to reflect this. Council officers had correctly reflected information provided to them by the actuary in the financial statements, and the change in disclosure is a result of actuarial assumptions being different to reality - not anything which officers have done incorrectly.
- 25 Following the Limitation of Scope qualification of the 2007/08 accounts owing to uncertainty over the completeness of the fixed asset register, officers have conducted a lot of work to get title deeds registered with the Land Registry, entered onto the Geographical Information System (GIS) and update the fixed asset register. This work



## Financial statements

is approximately 70% complete. The work completed so far has resulted in 32 additional assets being identified and valued. The total value is £98k. This figure has been reflected in the accounts by increasing the fixed asset value and the Revaluation Reserve by the same amount.

- 26** The work has also identified a further 23 additional assets which have not yet been valued. As these assets are similar to the 32, officers have assumed that the values will be the same. This results in an estimated value of £70k for the 23 assets. This figure has not been included in the accounts.
- 27** Applying the findings from the 70% of the work (as noted above) to the remainder, officers estimate there could be a further 27 additional assets which would have a value of £83k. This figure has not been included in the accounts.
- 28** We agreed with officers that the total estimate of £153k would not be included in the accounts. However, we are satisfied that sufficient work has been conducted on the fixed assets completeness issue to allow us to issue an unqualified opinion.

<b>Recommendation</b>	
<b>R1</b>	Ensure that where purchase orders are subsequently cancelled, this is reflected in the financial statements.
<b>R2</b>	Ensure that the accounts reflect the most up to date information available at the time of production.
<b>R3</b>	Ensure that the disparity between the amount of interest on investments which officers state the Council is owed and that which the fund manager believes is owed is resolved.
<b>R4</b>	Ensure that the work to register title deeds with the Land Registry, record on GIS, and update the fixed asset register is completed and that valuations are obtained for all newly identified assets.

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## Letter of representation

- 29** Before we issue our opinion, auditing standards require us to obtain appropriate written representations from you and management about your financial statements and governance arrangements. Appendix 3 contains the draft letter of representation we seek to obtain from you.

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## Key areas of judgement and audit risk

- 30** In planning our audit we identified specific risks and areas of judgement that we have considered as part of our audit. Our findings are set out in Table 1.

**Table 1** Key areas of judgement and audit risk

Issue or risk	Finding
The recession has had a negative impact on asset values. There is a risk that the Council's assets may not have been appropriately impaired and are overvalued.	We reviewed the Council's impairment calculations for fixed and current assets and were satisfied that the figures were reasonable.
The 2007/08 audit resulted in a limitation of scope qualification on the accounts as a result of issues identified over the completeness of the fixed asset records used to compile the accounts.	We held regular meetings with Council officers to discuss ongoing progress on this issue and conducted early testing as appropriate. We have agreed amendments to the accounts for the newly identified assets which have been valued. For those newly identified but not valued, and the estimated additional number of new assets, we agreed with officers' estimates as to the likely value of these. We agreed not to amend the accounts for these estimates.

### Accounting practice and financial reporting

- 31** We consider the qualitative aspects of your financial reporting. Testing of land and building additions put through the accounts as estimates identified that where sufficient documentation has been retained by officers, this supports the accounting treatment. However, there are cases where the documentation is insufficient to allow a conclusion to be drawn. Given the values involved and the fact that the issue is around lack of documentation rather than agreed errors, we agreed with officers to report this to Members.
- 32** We noted that the Pitch & putt golf facility was last revalued in 1999/2000. This is not in accordance with accounting practice which states that assets should be valued at least every 5 years.
- 33** We tested the provision for doubtful debts relating to housing benefit overpayments. We agreed with officers that they will look at higher value individual cases and payment plans and consider these separately.
- 34** There is a difference of £12k in the balance for Council Tax debtors shown in the control account and general ledger and that shown in the Council Tax system. Officers stated that the correct figure was the control account figure and that they had raised the issue with the Council Tax system software supplier. It is hoped that a solution will be found to enable the two systems to agree.

## Financial statements

<b>Recommendation</b>	
<b>R5</b>	Officers should ensure that sufficient supporting evidence is retained to allow auditors to conclude on the reasonableness of estimates in the financial statements.
<b>R6</b>	Ensure that assets are revalued at least every 5 years.
<b>R7</b>	Review the provision for doubtful debts in respect of housing benefit overpayments where the amounts owed by individuals are significant.
<b>R8</b>	Ensure that the difference between the Council Tax system balance and Council Tax control account balance is resolved.

# Use of resources

We are required to consider how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and give a scored use of resources judgement.

We are also required to conclude whether the Council put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

## Use of resources judgements

- 35** In forming our scored use of resources judgements, we have used the methodology set out in the [use of resources framework](#). Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission's current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at level 2.
- 36** We have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work.
- 37** The Council's use of resources theme scores are shown in Table 2 below. These scores are now final.

**Table 2** Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	2
Governing the business	2
Managing resources	2

- 38** The Use of Resources assessment for 2008/09 was a harder test than in previous years. The Council has achieved the basic requirements in all areas. However, there are a number of areas where further improvements can be made, and we will provide detailed feedback to the Council in a separate report which will be presented to the Finance and Audit Scrutiny Committee in October.

### Recommendation

- R9** The Council should address the areas for improvement highlighted from our Use of Resources work as appropriate.

### Value for money conclusion

- 39** We assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body.
- 40** We intend to issue an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources. Appendix 1 contains the wording of our draft report.

# Appendix 1 – Independent auditor’s report to Members of Warwick District Council

## Independent auditor’s report to the Members of Warwick District Council

### Opinion on the financial statements

I have audited the Authority accounting statements and related notes of Warwick District Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account, the Statement of Movement on the Housing Revenue Account, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Warwick District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

### *Respective responsibilities of the Responsible Financial Officer and auditor*

The Responsible Financial Officer’s responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword and the content of the Annual Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

## Appendix 1 – Independent auditor’s report to Members of Warwick District Council

### ***Basis of audit opinion***

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

### ***Opinion***

In my opinion the Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

### **Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**

#### ***Authority’s Responsibilities***

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

#### ***Auditor’s Responsibilities***

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

#### ***Conclusion***

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, I am satisfied that, in all significant respects, Warwick District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

#### ***Certificate***

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Dave Rigg  
District Auditor

The Audit Commission  
No 2 Friarsgate  
1011 Stratford Road  
Solihull  
West Midlands  
B90 4EB

29 September 2009



# Appendix 2 – Adjusted amendments to the accounts

The following misstatements were identified during the course of our audit and the financial statements have been adjusted by management. We bring them to your attention to assist you in fulfilling your governance responsibilities.

**Table 3**

Adjusted misstatements	Nature of Adjustment	Income and Expenditure Account		Balance Sheet	
		Dr £000s	Cr £000s	Dr £000s	Cr £000s
Updated valuations - impairment	Dr. Net Cost of Services Cr. Statement of Movement on GF Balance Dr. Capital Adjustment Account Cr. Tangible Fixed Assets	4,446	4,446	4,446	4,446
Updated valuations - revaluations	Dr. Tangible Fixed Assets Cr. Revaluation Reserve			5,296	5,296
Incorrect equipment additions	Dr. Creditors Cr. Vehicles, Plant, Furniture & Equipment			51	51
VAT Creditor removed	Dr. Creditors Cr. Net Cost of Services		177	177	
Council Tax debtor includes credit balances	Dr. Debtors Cr. Creditors			339	339
NNDR debtor includes credit balances	Dr. Debtors Cr. Creditors			163	163
Housing & Council Tax Claim debtor with DWP	Dr. Net Cost of Services Cr. Debtors	111			111

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# Appendix 3 – Draft letter of representation

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To:

Dave Rigg

District Auditor

Audit Commission

No 2 Friarsgate

1011 Stratford Road

Solihull

West Midlands

B90 4EB

## **Warwick District Council - Audit for the year ended 31 March 2009**

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of Warwick District Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2009. All representations cover the Council's accounts included within the financial statements.

### ***Compliance with the statutory authorities***

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice which present fairly the financial position and financial performance of the Council and for making accurate representations to you.

### ***Supporting records***

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

### ***Irregularities***

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

### ***Law, regulations, contractual arrangements and codes of practice***

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council.

The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

### ***Fair Values***

I confirm the reasonableness of the significant assumptions within the financial statements. For each assumption, I confirm:

- the appropriateness of the measurement method;
- the basis used by management to overcome the presumption under the financial reporting framework;
- the completeness and appropriateness under the financial reporting framework; and
- if subsequent events do require adjustment to the fair value measurement.

**Assets**

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale & purchase commitments;
- agreements & options to buy back assets previously sold; and
- assets pledged as collateral.

**Compensating arrangements**

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts.

**Contingent liabilities**

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements; and
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements and
- no financial guarantees have been given to third parties.

**Related party transactions**

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

**Post balance sheet events**

Since the date of approval of the financial statements by the Council, no additional significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Signed on behalf of Warwick District Council

I confirm that the this letter has been discussed and agreed by the Council on [date]

Signed

Name

## Appendix 3 – Draft letter of representation

Position

Date

# Appendix 4 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
9	R1 Ensure that where purchase orders are subsequently cancelled, this is reflected in the financial statements.	2	Principal Accountant (Systems)	Yes	Financial Training provided for budget managers should help to reinforce their knowledge of year end procedures. The accountants will continue to diligently scrutinise and challenge outstanding liability requests. It is proposed to produce a report for the accountants of all prior year cancelled purchase orders to be run during the closedown period to ensure these are reflected in the old year accounts.	Closedown 2009/10
9	R2 Ensure that the accounts reflect the most up to date information available at the time of production.	2	All	Yes	We will continue to endeavour to ensure that the accounts reflect the most up to date information.	Closedown 2009/10
9	R3 Ensure that the disparity between the amount of interest on investments which officers state the Council is owed and that which the fund manager believes is owed is resolved.	3	Principal Accountant (Capital/Treasury)	Yes	To be followed up with fund manager and agreed ahead of producing 2009/10 Accounts.	31/1/2010
9	R4 Ensure that the work to register title deeds with the Land Registry, record on GIS, and update the fixed asset register is completed and that valuations are	2	Head of Finance	Yes	Work on-going. Target completion January 2010.	31/1/2010

## Appendix 4 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	obtained for all newly identified assets.					
11	R5 Officers should ensure that sufficient supporting evidence is retained to allow auditors to conclude on the reasonableness of estimates in the financial statements.	2	Principal Accountant (Systems)	Yes	Budget Managers will be reminded to retain supporting information for all accruals. The accountants should be supplied with supporting documentation for any manual accruals, and will be expected to scrutinise and challenge this information.	Closedown 2009/10
11	R6 Ensure that assets are revalued at least every 5 years.	3	Principal Accountant (Capital/Treasury)	Yes	All assets are to be valued as part of the 5 year rolling programme for revaluations.	Ongoing
11	R7 Review the provision for doubtful debts in respect of housing benefit overpayments where the amounts owed by individuals are significant.	2	Principal Accountant (Revenue)	Yes	Officers agree to review the Housing Benefits Bad Debts Provision taking into account the instalment plans being used.	Closedown 2009/10
11	R8 Ensure that the difference between the Council Tax system balance and Council Tax control account balance is resolved.	3	Strategic Finance Manager	Yes	This has been reported to the software supplier to be resolved.	31/1/2010
12	R9 The Council should address the areas for improvement highlighted from our Use of Resources work as appropriate.	2	Head of Finance	Yes	To be addressed in response to Use of Resources assessment.	31/1/2010

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# The Audit Commission

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The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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