

audit 2001/2002

Final Accounts
Memorandum

Salford City Council

ACTION PLAN



DISTRICT AUDIT

Reference:	SA002-11-2002
Date:	March 2003

Recommendation	Priority 1 = Low 2 = Med 3 = High	Authority's response	Officer responsible	Timescale
Cash and bank				
R1 The full bank reconciliation at 31 December 2002 should be carried out as planned and further reconciliations completed on a monthly basis in future.	3	A full bank reconciliation was undertaken at December 2002. The next reconciliation will be carried out at the end of March 2003 as part of the closure of accounts for the year. Work is now progressing on the configuration of the PARIS cash receipting system to facilitate monthly reconciliations in 2003/2004.	W Guest	June 2003
R2 Corporate Accountancy should exercise a central control over bank accounts to ensure that: <ul style="list-style-type: none"> there is a central record of bank accounts all additional bank accounts are warranted regular reconciliations are carried out. 	2	An exercise is being undertaken in liaison with Internal Audit to identify all bank accounts held by the Council. All requests for new Co-operative Bank accounts are vetted by Corporate Accountancy. Instructions will be issued in an attempt to ensure that all requests to open new accounts with other banks are also vetted by Corporate Accountancy and that effective arrangements are in place for their reconciliation.	W Guest	September 2003
Internal debtors				
R3 The reason for the difference between internal debtors and creditors at 31 March 2002 should be investigated and, based on the results of this exercise, the necessary correcting entries made to the accounts.	3	An amendment was made to the account in 2001/2002 to reflect the difference between internal debtors and creditors.	W Guest	December 2002

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R4 Internal debtors and creditors should be coded separately within the ledger to facilitate the netting down exercise.	3	The benefits and implications of creating separate accounts for internal debtors and creditors will be assessed.	W Guest	May 2003
R5 Intra authority balances should be agreed regularly throughout the year by all directorates, including individual schools, to facilitate the year end processes.	3	Arrangements have now been put in place to agree internal debtors and creditors on a quarterly basis (which relate mainly to schools and NPHL). This should avoid a recurrence of this problem in closing the 2002/2003 accounts.	W Guest K Mashedor	May 2003
Grant debtors				
R6 The final accounts working papers should show clearly where balances relating to grant claims are included and how they reconcile to the amounts disclosed on the grant claims.	3	Training and guidance has been provided to all accountants to ensure that working papers for all accounts are clear and that in the case of grants show a reconciliation between the grant account and grant claim.	G Topping W Guest	March 2003
Bad debt provisions				
R7 The bad debt provision for sundry debts should be based on the likelihood of recovery of each individual debt, particularly if these have been outstanding for some time.	3	The provision for bad debts will be reassessed based on a more detailed evaluation of account groups and age of debt. With over 11,000 outstanding accounts it is not considered appropriate or practical to assess the likelihood of recovery of each individual debt.	W Guest K Mashedor	June 2003

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Deferred charges				
R8 The Council should review the way in which deferred charges in respect of stock discounts are written down in the HRA.	2	Accepted. The accounting treatment will be reviewed.	W Guest D Wright	June 2003
Stock and work in progress				
R9 Internal work in progress and provisions for future losses should be netted off with a consolidation adjustment.	3	Accepted. This will be addressed in the 2002/2003 accounts.	W Guest	June 2003
R10 An accurate certificate for Social Services stock should be obtained.	3	An accurate stock certificate will be provided for 2002/2003. Community and Social Services are procuring a new stock system that will facilitate the production of the stock certificate.	K Darragh	May 2003
Housing revenue account (HRA)				
R11 Council dwellings should be valued at the 1 April each year and the capital charges to the HRA based on this valuation.	3	Accepted.	P Prady	June 2003
Trust funds				
R12 The Council should establish who the trustees of each fund are and subsequently ensure that they comply with the Accounting Code of Practice and Charity Act in their disclosures and the audit regime.	2	This issue is being progressed by the Head of Law and Administration.	W Guest	July 2003

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Working papers				
R13 Comprehensive working papers to support the figures in the accounts should be available at the start of the audit.	3	The completion and provision of appropriate working papers has been included in training for accountants in February 2003. Accountants should now be aware of their responsibilities.	All Accountants	July 2003