

FINAL ACCOUNTS & AUDIT COMMITTEE  
23 March 2006

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**STATEMENT OF ACCOUNTS 2005-06 - COMPLETED ACTION PLAN**

**Purpose of the Report**

1. As part of their annual audit of the accounts the District Auditor provides the Council with a list of recommendations that need to be considered. This report presents the action plan agreed with the Auditors.

**Background**

2. Recommendations typically relate to improving processes in the preparation of the statements and providing supporting evidence for them, but also on technical issues and interpretation of accounting standards.

**Main Considerations for the Committee**

3. The Auditor's recommendations and the agreed responses are shown in the Appendix. Any changes required to the statements had already been undertaken when the accounts were presented for approval, and there are no issues that would lead to a change of opinion on the statements.
4. In most areas we have agreed with the Auditor's recommendations although there are three areas where we have only agreed in part, items R11, R12 and R16, and more details for these are given below.
5. R11 & R12. The reason for the part agreement for each of these items is the same. We have agreed that the recommendations are valid but there are changes to the accounting protocols being proposed by CIPFA (The Chartered Institute of Public Finance Accountants). The changes being proposed will require authorities to undertake a full review of all fixed assets (buildings, roads and other infrastructure), and are likely to be implemented from 1 April 2006. I have agreed with the Auditors that it is prudent to await the revised guidance and then alter our procedures to comply with the new guidance.
6. R16. The Auditor is concerned that we may not be setting aside sufficient provision to repay debt. The budget for 2006-07 provides for the repayment of debt in excess of the minimum amount however calculated. The recommendation from the Auditor is that we continue to review our provision

for repayment of debt and ensure that it exceeds the minimum. I have agreed with the Auditor to review the situation as part of our annual processes.

### **Environmental Impact of the Proposal**

7. None identified.

### **Risk Assessment**

8. We have addressed all of the Auditor's action points and the risk assessment is therefore low.

### **Financial Implications**

9. None identified.

### **Reasons for Proposals**

10. The recommendations in the Appendix should be adopted by the Authority as part of our ongoing improvement program.

### **Recommendation**

11. To note the District Auditor's report and agree the responses I have made.

MIKE PRINCE  
County Treasurer

Report Author: Ian Burbidge

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Unpublished documents relied upon in the production of this report: NONE