

**RESPONSE TO DISTRICT AUDITOR ON ISSUE RAISED IN SUPPLEMENTARY  
SAS 610 REPORT CONCERNING STATEMENT OF ACCOUNTS**

**CASH BOOK RECONCILIATION**

Since this matter was raised in the initial SAS 610 report to Members in July, the issues have been thoroughly investigated and fully set out in the attached report (Appendix C). This matter is taken extremely seriously and the issues must not be allowed to recur.

However, in summary, the following matters are in hand to ensure that this problem does not recur in the 2004/05 accounts.

- i) Final analysis of remaining discrepancies in reconciliation of Housing Benefit System and Cash Book for unrepresented cheques.  
  
(NB: risk covered by a provision in 2003/04 accounts).
- ii) April 2004 reconciliation completed and balanced to the penny to prove procedures.
- iii) Reconciliation for 2004/05 to be brought up to date and take place on a monthly basis with target dates for completion each month.
- iv) Clearly defined roles and responsibilities for production of reports and completion of reconciliation tasks.
- v) VERTEX have brought a full time on-site finance manager from 1 November 2004.
- vi) The agreed restructuring of the Finance Function includes changes in the monitoring function to improve control and reporting.