Scott-Moncrieff

Motherwell College

Annual Report to the Board of Management and the Auditor General for Scotland 2009/10

January 2011

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Executive Summary

Finance

Our audit of Motherwell College is now complete and our audit opinion on the truth and fairness of the financial statements and the regularity of transactions is unqualified.

Motherwell College owns 100% of the share capital of Amcol Scotland Limited, therefore all figures referred to in this report relate to the consolidated position for the group (College and Company).

The Consolidated Income and Expenditure Account reports a surplus of £2,256,000 in 2009/10. The budgeted surplus shown on the 2009 Financial Forecast Return submitted to the Scottish Funding Council was £405,000 and the positive variance of £1,851,000 was mainly due to a one-off gain of £954,000 in respect of the government decision to use the Consumer Prices Index rather than the Retail Prices as the inflation measure for retirement benefits. Other positive variances were in respect of the budgeted results of the college's subsidiary (Amcol Scotland Limited), an unanticipated further gain on sale arising from the disposal of the Dalzell Drive Campus, an amendment to the projected depreciation charge following a component accounting exercise in respect of new build fixed assets and a favourable movement in other income received.

The 2010 Financial Forecast Return shows the College forecasting operating surpluses of £665,000 in 2010/11, £338,000 in 2011/12 and £117,000 in 2012/13.

The College is financially secure and the Group balance sheet as at 31 July 2010 reports net assets of £68.619m including bank and cash of £13.478m.

Governance

The College's Corporate Governance Statement confirms that the College has been fully compliant with the key principles of the 2008 Combined Code on Corporate Governance during 2009/10. We have reviewed the College's statement and can confirm that this is in line with the Scottish Funding Council's guidance and is not inconsistent with our understanding from the audit.

We did not identify any areas of concern from our review of the College's corporate governance arrangements in so far as they relate to prevention and detection of fraud and irregularity, or standards of conduct and prevention and detection of corruption.

Conclusion

This report concludes the 2009/10 audit of Motherwell College. We have performed our audit in accordance with the Code of Audit Practice published by Audit Scotland, International Standards on Auditing (UK and Ireland) and Ethical Standards.

This report has been discussed and agreed with the Director of Finance and Physical Resources. We would like to thank all members of the College's management and staff who have been involved in our work for their co-operation and assistance during our audit.

Scott-Moncrieff
13 January 2011

Introduction

1. This report summarises the findings from our 2009/10 audit of Motherwell College. The scope of our audit was set out in our External Audit Strategy and Plan which was presented to the Audit Committee on 28 September 2010. The main focus of our external audit has been on the financial statements and governance arrangements.

2. Our plan summarised the following key audit issue for 2009/10:
   - Fixed asset register

3. This report sets out our findings in relation to this key issue. This report also includes a follow-up of issues identified during our previous audit.

4. This report will be submitted to the Auditor General for Scotland and will be published on Audit Scotland's website, www.audit-scotland.gov.uk.

Finance

5. In this section we summarise the key aspects of the College's reported financial position and performance to 31 July 2010. We also outline significant financial issues identified during the course of our audit. It is the responsibility of the College to conduct its financial affairs in a proper manner. It is our responsibility to audit the financial statements and to consider the governance arrangements in relation to the College's financial position.

Auditors' opinion

6. We are required to give an opinion as to whether the financial statements present a true and fair view of the financial position of the College as at 31 July 2010 and of its expenditure and income for the financial year. We are also required to include a regularity assertion in our independent auditors' report stating whether, in all material respects, expenditure and income were incurred or applied for their intended purposes and in accordance with guidance issued by the Scottish Ministers and the financial memorandum with the Scottish Funding Council (SFC).

7. Our audit is now complete and our audit opinion on the truth and fairness of the financial statements and on the regularity of transactions is unqualified.

8. The signed financial statements will now be submitted to the Scottish Funding Council and Audit Scotland, who will pass them to the Scottish Government for laying before the Scottish Parliament. The Scottish Funding Council's deadline of 31 December for submission of signed financial statements has not been met by the College due to the cancellation of audit committee and Board meetings in November and December 2010 because of adverse weather and travel conditions.

Financial position

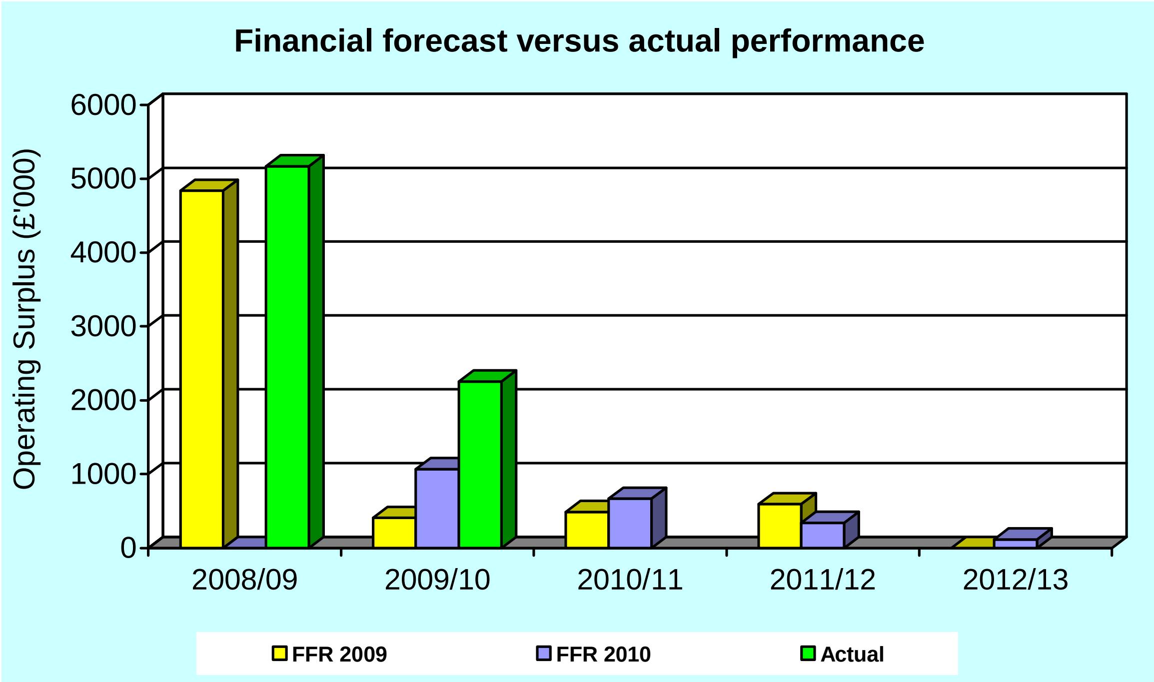
9. The Consolidated Financial Statements report a surplus for the year to 31 July 2010 of £2,256,000.

10. The Group's Balance Sheet as at 31 July 2010 is reporting total reserves of £21.295 million, with £23.458 million within the income and expenditure account and a cash balance of £13.478 million.

Financial forecasts

11. The College submits annual Financial Forecast Returns (FFRs) to SFC for the current year and the next three years. SFC uses the FFRs to assess the financial performance of individual colleges and of the sector as a whole.

12. The following graph compares the actual results for 2009/10 with the FFR forecasts and sets out future projections as contained within the 2010 FFR.



13. As shown above, the College is expecting to report modest surpluses in 2010/11, 2011/12 and in 2012/13.

14. The College's original budget for 2009/10 per the 2009 Financial Forecast Return (FFR) showed a surplus of £405,000. A reconciliation between the forecast surplus and the actual surplus is set out below:

	£
Surplus per initial budget	**405,000**
One-off gain arising from RPI to CPI change on Strathclyde Pension Fund **(paragraph 15)**	954,000
Variance in budgeted results of the subsidiary **(paragraph 16)**	234,000
Further gain on disposal of Dalzell Drive campus **(paragraph 17)**	262,000
Effect of 2009/10 FRS 17 adjustment **(paragraph 18)**	(172,000)
Component Accounting depreciation **(paragraph 19)**	344,000
Other income **(paragraph 20)**	108,000
Miscellaneous items	121,000
Actual surplus per financial statements	**2,256,000**
Variance from original budget	**1,851,000**
Variance as percentage of total income	**6%**

15. On 22 June 2010 the Government announced, as part of the Emergency Budget, its intention to move to using the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) as the inflation measure to be applied to index-linked features of pension schemes. In general, annual CPI increases have been lower than annual RPI increases and therefore the change has the potential to reduce pension scheme liabilities. As the college's liabilities within the Strathclyde Pension Fund (SPF) are on the college's balance sheet, this has had the effect of reducing the college's net deficit within the SPF by £954,000. Urgent Issues Task Force Abstract 48 – *Accounting implications of the replacement of the retail prices index with the consumer prices index for retirement benefits* (UITF 48) issued by the Accounting Standards Board on 17 December 2010 requires that this should be accounted for as a one-off exceptional gain through the college's income and expenditure account in 2009/10.

16. The College owns 100% of the share capital of the nursery, Amcol Scotland Limited. At the time the FFR was prepared, it was expected that the subsidiary would generate a surplus of £40,000. The subsidiary's actual surplus for the year was £274,000.

17. A further gain of £262k arose during the year after the release of retrospective European funding relating to the Dalzell Drive campus. This gain was not anticipated at the time the FFR was prepared.

18. The Board of Management cannot, with reasonable certainty, quantify the annual effect of FRS 17 on the figures in the financial statements, or on the FFR, and as such no impact was anticipated at the time the FFR was prepared.

19. As a result of the Component Accounting exercise in respect of the new Ravenscraig campus, which was performed after the FFR was prepared, the anticipated depreciation charge for the year was significantly reduced.

20. Additional funding from outside sources for the relocation to Ravenscraig, coupled with an expectation that interest rates would continue to fall, led to an increase in other income which was unforeseen at the date of preparation of the FFR.

Financial planning and monitoring arrangements

21. The College has a responsibility to conduct its financial affairs in a proper manner. As part of our audit, we are required to consider the College's financial standing, including the arrangements in place for financial planning, budgetary control and financial reporting. It is important that such arrangements are adequate in order to properly control the College's operations and use of resources.

22. The College has a rigorous and prudent budgeting process, which is directly linked to the annual curriculum planning process. Performance monitoring and forecasting processes are in place to ensure that available funds remain appropriately directed and controlled.

23. Budgets are devised in advance of the year and approved by the Board of Management, after consideration by the Finance Committee, and forecasts are updated during the year to take account of new information. The Finance Committee meets twice a year, and management

accounts showing forecast year end positions against budget are presented to each Finance Committee meeting. In addition, management accounts are circulated monthly to members of the Finance Committee.

24. In our opinion the College has effective financial management arrangements in place, and has taken steps to proactively analyse and respond to the future funding challenges posed by the current economic climate.

Financial reporting framework

25. The principal elements of the College's financial reporting framework are:
    - Accounts Direction issued by the Scottish Funding Council
    - Further Education / Higher Education Statement of Recommended Practice (FE/HE SORP) 2007

26. We are pleased to confirm that the College's 2009/10 financial statements comply fully with the Accounts Direction and FE/HE SORP 2007 in all material aspects.

Financial statements preparation

27. We are grateful to the Director of Finance and Physical Resources, to the Financial Controller and to the finance staff for their assistance and support during the course of the audit.

28. We found that the College has adequate resources available in the Finance Department to meet the College's financial management and reporting needs.

Audit adjustments

Actual adjustments

29. During the course of the audit the following adjustments to the financial statements were identified:-

1	Dr Bank	£141,270	
	Cr Accrued income		£141,270

Being the transfer of interest from accrued income to bank to reconcile the year-end position - (Action plan point 1)

2	Dr Creditors > 1 year	£4,594,543	
	Cr Creditors < 1 year		£4,594,543

Being reallocation of Lennartz creditor to less than 1 year. Issue identified subsequent to audit fieldwork as a result of a Scott-Moncrieff VAT review exercise – (paragraphs 40 – 42)

30. Neither of these adjustments impacted on the college's surplus for the year.

31. All other adjustments related to presentational and disclosure issues.

Potential adjustments

32. Six potential adjustments were noted as a result of the audit work performed, but have not been adjusted in the financial statements:-

1	Dr Trade Debtors	£51,462	
	Cr Trade Creditors		£51,462
	Being the grossing up of debit balances within the aged creditors listing		
2	Dr Trade Debtors	£299,283	
	Cr Trade Creditors		£299,283
	Being the grossing up of credit balances within the aged debtors listing		
3	Dr Trade Debtors	£124,913	
	Cr Deferred Income		£124,913
	Being amount of cash collected in advance reallocated to deferred income		
4	Dr Accrued Income	£539,777	
	Cr Deferred Income		£539,777
	Being reallocation of accrued income from deferred income to correct disclosure - (Action plan point 2)		
5	Dr Trade creditors	£10,417	
	Dr Trade debtors	£114,587	
	Cr Deferred income		£125,004
	Being consolidation adjustment required to eliminate the balance sheet effect from both the College and subsidiary accounts in respect of the credit note to waive the Amcol Scotland Ltd. rent charge		
6	Dr Accruals	£165,407	
	Cr Purchases		£165,407
	Being extrapolated error from the purchase order accrual testing – (Follow-up of previous external audit recommendations – point 1)		

Affect on Consolidated I&E account of these potential adjustments – increase in surplus of £165,407.

Review of accounting systems

33. As part of our audit we assessed the accounting systems and internal controls operating at the College to ensure they formed an adequate basis for the preparation of the financial statements. Please refer to the action plan for details of control improvements detected during audit fieldwork.

Other issues of particular significance for the 2009/10 audit

34. In order to assist College members' understanding of the financial statements and our audit, we have summarised issues below which we believe are of particular significance to the 2009/10 financial statements, which have not already been discussed fully in our report.

Fixed Asset Register

35. Our audit planning identified the accuracy of the fixed asset register as a key audit area following the completion during the year of a component accounting exercise. As a result of our audit testing of the register, we recommend within our action plan that the information held within the register in respect of fixtures, fittings, plant and equipment is expanded, in order to assist with the physical tracking of assets in the future. ***Action plan point 3***

Pension Fund liabilities

36. The College's employees belong to two principal defined benefit pension schemes, the Scottish Teachers' Superannuation Scheme (STSS) and the Strathclyde Pension Fund (SPF).

37. The STSS is a multi-employer, notionally funded scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme. In line with Financial Reporting Standard 17 – *Retirement Benefits* (FRS 17), the College does not recognise any asset or liability relating to the STSS and the scheme is effectively accounted for as if it was a defined contribution scheme.

38. The SPF is also a multi-employer scheme but the College can identify its share of underlying assets and liabilities and has therefore recognised a net liability in its balance sheet. In 2009/10, the College reported a liability in respect of the SPF of £2.166m. This was a significant reduction from the balance as at 31 July 2009 of £3.166m. The main reason for the reduction in the pension fund liability was that on, 22 June 2010, the Chancellor of the Exchequer's Budget Statement outlined that future pension increases were to be linked to the Consumer Prices Index (CPI) rather than Retail Prices Index (RPI). There is therefore a one-off adjustment in favour of the College of £954,000 arising from this change which has been reflected in the balance sheet and the income and expenditure account in the year.

39. We reviewed the College's accounting for the pension liability and confirmed that it complies with the requirements of FRS 17 and the FE/HE SORP, and that disclosure is consistent with the actuarial valuation report.

Lennartz Creditor

40. Following the construction of the Ravenscraig campus, the College was able to reclaim a large amount of VAT using the Lennartz mechanism. This is effectively an agreed method that allows the College to reclaim the non-business element up front, on the condition that it is repaid to HMRC over a 10 year period. The repayments under Lennartz can vary and depend on two factors: the standard rate of VAT and the annual non-business calculation.

41. Following the April 2010 budget announcement that the VAT rate will increase to 20% as of 4 January 2011, this factor alone would result in the College repaying an additional £675,668 to HMRC (assuming no further change in VAT rate before the repayment date in July 2019).

42. Consequently, the College has taken the decision to repay the full amount to HMRC in advance of the increase in the VAT rate. This has resulted in a reallocation in the financial statements to illustrate the full amount repayable within creditors less than one year.

Governance

43. It is the College's responsibility to ensure that it has adequate governance arrangements in place. It is our responsibility to review and report on these arrangements as they relate to:
    - the College's review of its systems of internal control, including reporting arrangements;
    - the prevention and detection of fraud and other irregularities;
    - standards of conduct and arrangements for the prevention and detection of corruption;
    - the College's financial position.

44. We reported on the corporate governance arrangements in relation to its financial position in the Finance section of this report. This section includes our comments on other aspects of the College's arrangements.

Corporate Governance

Current governance arrangements

45. Colleges are required to include in their financial statements a statement covering the responsibilities of their Board of Management in relation to corporate governance arrangements. The statement should describe the ways in which the College has complied with good practice in corporate governance, including the arrangements for risk management, and report on the College's compliance with the Combined Code.

46. The College's Corporate Governance Statement for 2009/10 explains that the College was fully compliant with the 2008 Combined Code throughout the period.

47. We reviewed the Corporate Governance Statement by:
    - checking the statement against Scottish Funding Council guidance;
    - considering the adequacy of the process put in place by the Principal and Board of Management to obtain assurances on systems of internal control;
    - assessing whether disclosures in the statement are consistent with our knowledge of the College.

48. We are satisfied that the statement is consistent with the Scottish Funding Council's guidance and that the contents are not inconsistent with information gathered during the course of our normal audit work.

In 2010/11, the College will have to report against revised Corporate Governance standards

49. A new Corporate Governance Code was published in June 2010 and will apply to financial years beginning on or after 29 June 2010. The UK Corporate Governance Code, formerly known as the Combined Code, sets out standards of governance for listed companies. The Code is also applicable to publicly funded bodies that are required to prepare an annual statement on internal control or corporate governance for inclusion in their financial statements. The “comply or explain” provision is retained in this new version of the code.

50. We recommend that the College reviews its corporate governance arrangements against the new Code in preparation for making its Corporate Governance Statement in its 2010/11 financial statements. We have undertaken an analysis of the key changes applicable to education bodies and will be sharing this guidance with College management to help inform this assessment. ***Action plan point 4***

Risk management

51. Risk management is important to the establishment and regular review of systems of internal control. We have reviewed the College’s risk management arrangements as part of our audit work on corporate governance.

52. The College has a Risk Management Policy and Risk Management Procedures in place. The College has a risk register which is maintained by the Senior Executive Team (SET) and reviewed and updated on an annual basis. The Audit Committee and Board of Management will review the risk register annually. However any significant changes in the risk register are notified immediately to both the audit committee and the full board.

53. We have concluded that the College has robust risk management systems in place.

Internal audit

54. Internal audit is a key component of the College’s corporate governance arrangements. The College’s internal audit service is provided by Deloitte.

55. To avoid duplication of effort and ensure an efficient audit process, we have made use of internal audit work where appropriate.

Internal audit’s annual opinion statement

56. Internal audit has concluded in its annual report that management has an adequate framework of control over the systems examined.

57. We are grateful to Deloitte for their assistance during the course of our audit work.

Prevention and detection of fraud and irregularity

58. We are required to consider the arrangements made by management for the prevention and detection of fraud and irregularity. Fraud is defined as deception made for personal gain and irregularity is defined as transactions which do not comply with Scottish Ministers guidance.

59. The College has a fraud and corruption policy and a code of practice on whistle blowing in place. There were no frauds identified during the year.

60. All SFC and other guidance and circulars are received by the Principal's secretary. All relevant regulatory information is distributed to the appropriate members of staff. A database is held of all SFC circulars and responsible officers. All relevant guidance is presented to the Board of Management meetings ensuring that all those concerned have access to adequate and relevant information.

61. We are pleased to report we identified no issues of concern in relation to the arrangements for the prevention and detection of fraud, with regard to the legality of transactions or in relation to compliance with relevant guidance and regulations.

Standards of conduct

62. We are required to consider the arrangements made by management in relation to standards of conduct and prevention and detection of corruption.

63. Propriety requires that public business is conducted with fairness and integrity. This includes avoiding personal gain from public business, being even-handed in the appointment of staff, letting contracts based on open competition and avoiding waste and extravagance. Guidance on standards of conduct, accountability and openness has been issued by the Scottish Government.

64. Our work in this area included a review of the arrangements for adopting and reviewing standing orders, financial instructions, registers of interest and schemes of delegation and complying with national and local Codes of Conduct. We also considered controls over ordering and procurement and disposal of assets.

65. We are pleased to report that our audit identified no issues of concern in this area.

Looking Forward

Financial position

66. There is increasing uncertainty over the level of future funding that will be provided to the sector and indications from the Scottish Government are that there will be no significant increases in future funding. Coupled with increasing cost pressures this will result in limited financial resources for the sector. Whilst College management have been making plans to react and respond to this situation, the true impact has yet to be confirmed and the College's assumptions underpinning its response have yet to be tested. Whatever the outcome, all indications are that the coming years will prove a time of more restraint for the FE sector than compared with recent periods.

International financial reporting standards

67. The College's financial statements are currently prepared on the basis of UK accounting standards (UK GAAP) which the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) Board believes continues to be appropriate for Colleges.

68. The Scottish Funding Council's expectation is that Colleges will continue to converge with International Financial Reporting Standards (IFRS) as UK GAAP converges with IFRS over the next few years. It appears likely that full implementation will not take place before 2013. Whilst this is some time away, the conversion process requires sufficient and appropriate information to be available to support the production of comparator balances. Effectively, this means work to produce full IFRS-compliant financial statements will begin at least one year before the actual implementation date. In some areas, such as in relation to fixed assets and component accounting, the earlier the work begins the more straightforward the conversion process may be. An exercise which the College undertook following the construction of the Ravenscraig campus.

69. We will continue to monitor developments in this area and ensure that the College continues to follow the appropriate accounting standards.

Appendix 1 – Action Plan

Our annual report action plan details the financial control weaknesses and opportunities for improvement that we have identified during our audit visit in addition to any reportable matters arising from our review of performance and governance systems.

The action plan details the officers responsible for implementing the recommendations and implementation dates. The College should assess these recommendations for their wider implications before approving the action plan. Following submission of this report to the Audit Committee, we will send a copy to the Auditor General.

It should be noted that the weaknesses identified in this report are only those that have come to our attention during the course of our normal audit work. The audit cannot be expected to detect all errors, weaknesses or opportunities for improvements in management arrangements that may exist.

Grading

To assist the College in assessing the significance of the issues raised and prioritising the action required to address them, the recommendations have been graded. The grading structure is summarised as follows:

Grade 5	Very high risk exposure – Major concerns requiring Board attention.
Grade 4	High risk exposure – Material observations requiring management attention.
Grade 3	Moderate risk exposure – Significant observations requiring management attention.
Grade 2	Limited risk exposure – Minor observations requiring management attention.
Grade 1	Efficiency / housekeeping point.

Issues arising from our 2009/10 audit

Action point	Issue identified and recommendation	Management response
1 **Bank reconciliation - capital investment account**	During our bank testing, it was noted that in respect of the capital investment account the bank statements are not used during the preparation of the bank reconciliation. Interest received on the capital investment account is being posted to the accrued income code rather than to the appropriate bank account nominal code. There is a risk that the bank balance in the financial statements is, therefore, misstated as the interest has not been included in the nominal ledger. We recommend that bank statements be used to prepare all bank reconciliations and this will result in the interest being posted to the bank nominal codes. **Grade 2**	Noted and agreed. **To be actioned by:** Financial controller/Cashier **No later than:** 30 November 2010
2 **Nominal Accounts**	Within the nominal ledger there are certain balance sheet codes that include a mix of both debtor and creditor balances. For example the deferred income account includes accrued income balances which have been offset. This issue has given rise to potential adjustment 4 noted within paragraph 32 of the report, with a value of £539,777 as at 31 July 2010. We recommend that each class of debtor and creditor is allocated its own unique nominal code within the nominal ledger, as this will assist with the preparation of month end reconciliations and the year end accounts production process. **Grade 3**	The coding structures will be reviewed as part of the implementation of the new systems. **To be actioned by:** Management Accountant **No later than:** January/February 2011

Action point	Issue identified and recommendation	Management response
3 **Fixed Asset Register**	Our audit planning identified the accuracy of the fixed asset register as a key audit area following the completion during the year of a component accounting exercise. Limited detailed asset information is held within the register in respect of fixtures, fittings, plant and equipment to assist College Management with the physical tracking of assets. We recommend that the information held within the register in respect of fixtures, fittings, plant and equipment is expanded, in order to aid the internal process of ensuring continued existence of assets. **Grade 2**	Management will consider this in light of having more detailed information available held by the Estates Manager. **To be actioned by:** Financial Controller **No later than:** July 2011
4 **Corporate Governance Code**	The UK Corporate Governance Code, formerly known as the Combined Code, sets out standards of governance, against which publicly funded bodies are required to prepare a corporate governance statement. This replaces the 2008 Combined Code. To mitigate against the risk of non-compliance, we recommend that the College reviews its corporate governance arrangements against the new Code in preparation for making its Corporate Governance Statement in its 2010/11 financial statements. We have undertaken an analysis of the key changes applicable to education bodies and will be sharing this guidance with College management to help inform this assessment. **Grade 2**	Agreed. **To be actioned by:** SET **No later than:** December 2010/January 2011

Follow-up of previous external audit recommendations

Follow-up point	Original recommendation	Update at December 2010
1 **Commitment accounting** **2007/08 audit**	Part of the year end accrual figure is derived from outstanding purchase orders commitments. For many of the items selected for testing, goods and services had not been received by the 31 July 2008 and thus the accrual should have been reversed. The estimated over-statement of accruals totals approximately £273,100 (2007: £304,200). If adjusted the net effect on the 2008 accounts would have been a reduction in surplus of £31,100. We recommend that year end procedures are implemented to ensure that all purchase order accruals are reviewed to confirm whether or not goods and services have been received by the year end. Where this is not the case the accrual must be reversed. **Management Response:** The treatment of purchase order commitments is explicit in the College's financial policies and procedures. This treatment is consistent with that applied in previous accounting periods. The College endeavours to look at this area in advance of next year's audit. **Responsible Officer:** Assistant Financial Controller **Implementation Date:** July 2009	There were purchase order commitments totalling £278,740 at 31 July 2010 which were tested during the audit and the goods or services, for a sample of items tested, were found to not have been received by the year-end. Extrapolated across the population the net effect on the 2010 accounts would have been an increase in surplus of £165,407. **Management response:** This treatment is consistent with that applied in previous accounting periods. The College has tightened up in this area. In addition a mid-year exercise reviewing all outstanding and incomplete purchase orders has to take place as part of the implementation of the new e-procurement system. **To be actioned by:** Finance/Budget holders **No later than:** July 2011

Follow-up point	Original recommendation	Update at December 2010
2 Review of monthly management accounts 2008/09 audit	An overstatement of accrued income and deferred capital grants was identified shortly after the submission of the first set of financial statements for audit. The over-accrual was undetected for a number of months within the management accounts and then within the year end financial accounts. It is appreciated that the timetable for completion of the financial statements for audit was challenging given the deadlines in place, the move to the new campus and this being the first year of preparation of consolidated accounts. We appreciate that the review of the management accounts focuses on the income and expenditure account, cash and other liquid assets, assets in the course of construction and cash flows, and the issue identified is of a one-off nature. However, we recommend that the review of management accounts is extended to include the full balance sheet to ensure that similar one-off items are given immediate attention in the future. **Management Response:** Agreed. Given the release of resource within the department post Ravenscraig, the balance sheet review process for the management accounts will be extended to ensure that any possible future one-off events of this nature will be identified at the earliest opportunity. **Responsible Officer:** Financial Controller **Implementation Date**: With immediate effect	Issue addressed. **Action taken as agreed**

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