



*cutting through complexity™*

# Architecture and Design Scotland

Annual audit report to Architecture and Design Scotland  
and the Auditor General for Scotland

Year ended 31 March 2012

17 December 2012

**The contacts at KPMG in connection with this report are:**

**David Watt**

*Director, KPMG LLP*

Tel: 0141 300 5695

Fax: 0141 204 1584

david.watt@kpmg.co.uk

**Brian Curran**

*Senior Manager, KPMG LLP*

Tel: 0141 300 5631

Fax: 0141 204 1584

brian.curran@kpmg.co.uk

**Fiona Irving**

*Audit In-charge, KPMG LLP*

Tel: 0141 300 5605

Fax: 0141 204 1584

fiona.irving@kpmg.co.uk

	<b>Page</b>
<b>Executive summary</b>	2
<b>Accounting policies</b>	4
<b>Use of resources</b>	5
<b>Other audit areas</b>	7
<b>Governance</b>	8
<b>Appendices</b>	
1 Audit Scotland code of audit practice – responsibilities of Architecture and Design Scotland	10
2 Management representations	12
3 Audit differences	13
4 Action plan for management recommendations	14

**About this report**

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's *Code of Audit Practice* ("the Code").

This report is for the benefit of Architecture and Design Scotland and is made available to Audit Scotland (together "the beneficiaries"), and has been released to the beneficiaries on the basis that wider disclosure is permitted for information purposes, but that we have not taken account of the wider requirements or circumstances of anyone other than the beneficiaries. Nothing in this report constitutes an opinion on a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the scope and objectives section of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the beneficiaries) for any purpose or in any context. Any party other than the beneficiaries that obtains access to this report or a copy and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the beneficiaries.

We also draw your attention to the following:

- management of Architecture and Design Scotland is responsible for preparing financial statements that show a true and fair view and for implementing appropriate internal control systems;
- weaknesses or risks identified by us are only those which have come to our attention during our normal audit work in accordance with the Code, and may not be all that exist; and
- communication by us of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve Architecture and Design Scotland management from its responsibility to address the issues raised and to maintain an adequate system of control.

Architecture and Design Scotland Limited (“A+DS”) is a non-departmental public body, formed as a company limited by guarantee, with statutory responsibilities from the Scottish Government as the national champion for good architecture, design and planning in the build environment. A+DS’s main aim is to inspire better quality in design and architecture so that Scotland’s build environment contributes in a positive way to Ministers’ strategic objectives and the Scottish Government’s national outcomes.

In 2011-12, A+DS took part in several key programmes, including the design review; urbanism; healthcare; access; schools; and sust. These programmes each focus on the activities that are required to make A+DS the national champion, as set out in the responsibilities above. Key programme activities were focussed around:

- Design review – focused on A+DS stakeholder interaction while developing the ‘design forum’ to replace the design review;
- Urbanism – building capacity for place based change and working in partnership with others across Scotland, including delivering a series of workshops and activities;
- Healthcare – working with Scottish Health Boards, providing advice and support on 19 different individual projects;
- Access – proving exhibitions across Scotland to improve awareness and understanding in the architecture environment in Scotland, particularly focussing on educating young people and teachers;
- Schools – aiding the creation of environments that support learning, through workshops, exhibitions and publishing areas of good practice.
- Sust – supporting sustainability in Scotland’s build environment. Activities in the year included six ‘green business’ projects and developing sustainability case studies.

A+DS also conducted its annual design skills symposium event, working with Historic Scotland and the Scottish Government to officially launch *New Design in Historic Settings* during this event.

In prior years, A+DS obtained support from its external auditors in the drafting of the financial statements and processing of some associated accounting adjustments. This contributed to complications in the 2011-12 audit and delays in receiving a full set of draft financial statements and in the audit of some accounting entries.

The financial statements reflect a retained surplus of £20,620, an increase in surplus from £12,184 in 2010-11.

A balanced 2012-13 budget was approved by the board, estimating total expenditure of £1,885,000 in 2012-13, reduced from 2011-12 reflecting reduced income available.

Management continued to ensure there is a system of internal control to ensure regularity of income and expenditure, including arrangements to demonstrate Best Value is achieved through improving procurement processes in 2011-12.

We have completed our audit for 2011-12 and have issued unqualified audit opinions on the financial statements and the regularity of transactions included within these financial statements.

**Our audit work is undertaken in accordance with Audit Scotland's Code of Audit Practise ("the Code"). This specifies a number of objectives for the audit.**

**We reported, in our audit strategy, our responsibilities in respect of the audit. A+DS's responsibilities are set out in appendix one.**

**This report summarises our work for the year ended 31 March 2012.**

#### Financial statements

Our audit commenced on 18 June 2012 in accordance with the agreed timetable. An adjusted trial balance was provided on 18 June 2012 and this provided a basis for our audit; draft financial statements were not available at this point. Management identified in advance of the audit that there were annual adjustments to income that they did not understand and it was therefore agreed that the financial statements would not be finalised until the audit had progressed. During the audit, we identified that management had required support from the previous external auditors to develop the financial statements, including processing a number of significant adjustments in relation to the deferral / accrual of income and adjusting the management accounts to a basis for the financial statements. As a result, we encountered difficulties in auditing some balances, including accrued and deferred amounts. Two adjustments were raised as a result of this work, including one to correct a £149,000 misposting of the reversal of prior year accrued expenditure.

Recommendation 1,  
page 13

Draft financial statements were provided on 22 October 2012; these were substantially complete and incorporated adjustments identified during our earlier audit work. Updated financial statements were provided on 3 December 2012. We have issued unqualified audit opinions on the 2011-12 financial statements and the regularity of transactions reflected in those financial statements.

Overall, we consider there is significant scope for improvement in the processes for production of the financial statements and have raised recommendations to this effect.

A number of technical accounting matters were considered during the audit process, including lease dilapidation provisions, income recognition, changes in HM Treasury's financial reporting manual and accruals. Adjustments arising have been appropriately processed in the financial statements.

Page 4

#### Use of resources

A+DS aim to achieve a breakeven position year on year, matching expenditure to income. Expenditure for 2011-12 was £1,960,630, with £1,981,250 income recognised, thus producing a surplus of £20,620.

Pages  
5 and 6

#### Governance

The governance statement replaces the statement on internal control for the financial year 2011-12. At the date of writing, this has still to be completed, but management inquiries to date have confirmed the existence of a reasonable governance framework. Arrangements to prevent and detect fraud are embedded in internal controls.

Page 9

Internal audit completed their planned audit work for the year and concluded that "for annual assurance purposes our evaluation of the controls governing A+DS operations is satisfactory."

Page 10

#### Mandatory communications

There were three audit differences highlighted during our 2011-12 audit; all have been adjusted for in the financial statements. We have no significant matters to communicate in respect of management representation letter content.

Appendices  
3 and 4

**There have been no changes to accounting policies in 2011-12.**

**The financial reporting framework, as set out in HM Treasury's *Financial Reporting Manual* ("FReM") 2011-12, included a number of amendments. These have been correctly implemented in the finalised financial statements.**

**All other accounting policies have been applied consistently.**

<p><b>Accounting policies</b></p>	<p>There were no changes to accounting policies in 2011-12. A number of technical accounting matters were considered during the audit process, including lease dilapidation provisions, income recognition, changes in HM Treasury's financial reporting manual and accruals. We considered management's policies in relation to deferral of income and consider that this has been appropriately reflected in the financial statements.</p> <p>The accounting policies for A+DS remain appropriate.</p>
<p><b>Financial reporting framework ("FReM")</b></p>	<p>A+DS prepares its financial statements with regard to HM Treasury's <i>Financial Reporting Manual</i> ("FReM"). Our review of prior year financial statements during our field work highlighted a number of areas for improvement to ensure compliance with both the FReM and the Companies Act 2006.</p> <p>We provided management with a number of recommendations on the presentation of financial statements to ensure full compliance with the documents detailed above. This included providing the 2011-12 FReM to management, as well ensuring that A+DS completed the 2011-12 FReM disclosure checklist, ensuring compliance of the Companies Act 2006 and providing example from other NDPB's in terms of appropriate presentation of the financial statements.</p> <p>Following amendments for these areas, the final financial statements now comply with relevant guidance.</p> <p style="text-align: right;"><b>Recommendation two</b></p>

**Income reduced significantly in 2011-12 compared to 2010-11. Expenditure was accordingly reduced.**

### Financial targets

The financial result for the year is detailed in the table below. A+DS's stated aim is to break even year on year; a small surplus of £21,000 was achieved in 2011-12, compared to £12,000 in the prior year.

	2011-12 Actual £'000	2010-11 Actual £'000	Variance £'000
Grant-in-aid	1,964	2,700	(736)
Other income	18	81	(63)
<b>Total income</b>	<b>1,982</b>	<b>2,781</b>	<b>(799)</b>
Staff costs	(1,149)	(1,131)	18
Depreciation	(39)	(40)	(1)
Other expenditure	(773)	(1,596)	(823)
<b>Total expenditure</b>	<b>(1,961)</b>	<b>(2,767)</b>	<b>(806)</b>
<b>Operating surplus</b>	<b>21</b>	<b>14</b>	<b>(7)</b>
Finance costs	-	(2)	(2)
<b>Surplus before tax</b>	<b>21</b>	<b>12</b>	<b>(9)</b>
Taxation	-	-	-
<b>Surplus for the year</b>	<b>21</b>	<b>12</b>	<b>(9)</b>

Income reduced significantly in 2011-12 primarily due to the inclusion of funding for the Lighthouse received in 2010-11 and general Scottish Government funding reductions. Scottish Government grant-in-aid in 2010-11 was £1,912,000, compared to £1,515,000 in 2011-12. In addition, £500,000 of income in relation to the Lighthouse received in 2009-10 was recognised in 2010-11, increasing income in that year. The reduction in expenditure is therefore in line with the way A+DS is managed on the basis of committed cash.

A+DS's funding is set by the Scottish Government and administered through the Scottish Government's Planning and Architecture Division. In addition to the £1,515,000 main grant-in-aid funding for 2011-12, £250,000 was received for the schools programme and £120,000 for the health programme.

A+DS's practice has been to defer income where it has been drawn down, but not utilised against specific projects in year (albeit this income is generally earmarked for specific projects). Deferred income of £177,000 was carried forward into 2011-12 and £204,000 has been carried forward into 2012-13. The FReM requires permission from the Scottish Government for income to be deferred in this way; generally income should not be drawn down in advance of need, i.e. until the cash is required. At the time of our initial audit work, confirmation of permission had not been received in relation to 31 March 2012, but was subsequently received following us raising this matter with management.

Expenditure decreased significantly in 2011-12, primarily due to reductions in other expenditure. This decreased £823,000 in 2011-12 primarily due to the higher exhibition costs in 2010-11, with particular reference to the Housing Expo project; this project had significant activity in 2010-11 but no activity 2011-12.

Staff costs remained broadly consistent with 2010-11 levels with a £18,000 increase in the year. There was an increase of £31,000 in salary and wages, offset partially by a £20,000 drop in seconded, loan and temporary staff costs. A+DS employees are part of the Principal Civil Service Pension Scheme; employer contributions in year were £150,000, £14,000 higher than in 2010-11.

**In line with prior years, the 2012-13 financial plan forecasts a breakeven position.**

**Performance against budget 2011-12**

A+DS prepare management accounts on a cash basis working towards a breakeven position for year end. We used the management accounts, to compare performance against budget. Management accounts reported expenditure of £2,156,000 in 2011-12 compared to £2,082,000 in the budget, resulting in funds of £74,000 carried forward for spend in 2012-13.

Performance against budget, based on income received, was broadly consistent with the original budget, with no individually significant variances, but rather moderate underspends across the board. This suggests tight control of individual project and department costs on a cash basis.

**Financial plans 2012-13**

The Board approved a breakeven budget for 2012-13, based on anticipated main grant in aid funding of £1,515,000 from the Scottish Government, consistent with 2011-12 allocations. Once again A+DS have taken a balanced budget approach planning to match expenditure to income using 2012-13 allocations and deferred income from 2011-12. The 2012-13 budget states that overall expenditure is expected to remain relatively consistent with 2011-12, with A+DS undertaking a similar volume of activity in 2012-13.

A+DS have published a corporate plan to 2014. This plan includes an outcomes and actions section to help achieve the national outcomes that each of the design review, schools design, healthcare design, access, urbanism and sust, programmes all set out to achieve. This has identified three strategic objectives underpinning these:

- collaboration;
- supporting; and
- inspiration.

Expenditure	2011-12 budget	2011-12 management accounts outturn	Variance
	£'000	£'000	£'000
Core staff/office costs	648	629	(19)
Board costs	62	52	(10)
Design review	204	197	(7)
Health	127	126	(1)
Urbanism	270	266	(4)
Schools	254	251	(3)
Access	273	261	(12)
Sust	318	300	(18)
<b>Total expenditure</b>	<b>2,156</b>	<b>2,082</b>	<b>(74)</b>

A+DS have also published a 2012-13 business plan. This document details the level of expenditure in each of the programmes, linking to the three strategic objectives identified.

This document identifies the new design forum, replacing the design review, as being one of the major activities that A+DS will undertake in the year, providing advise on new projects. 2012-13 will also see more of a focus on supporting the 'sustainable economic growth of the country' while taking consideration of the environment.

Within the annual report, A+DS have published the sustainability report, detailing travel, energy and water consumption. As part of the Scottish Government sustainability strategy A+DS is committed to reducing impact on the environment.

In addition to our audit work in connection with the financial statements we have considered best value and regularity of income and expenditure.

Audit area	Overview	Findings
Best Value	<p>In April 2002 the Scottish Ministers introduced a non-statutory duty on accountable officers to ensure arrangements exist to secure Best Value. Audit Scotland has been committed to extending the Best Value audit regime across the whole public sector for some time now. Using the Scottish Executive's nine Best Value principles as a basis for audit activity, Audit Scotland previously selected five areas as priority development areas (use of resources, governance and risk management, accountability, review and option appraisal, and joint working). A series of toolkits covering financial, performance and governance processes are available for public sector organisations and auditor to use, but auditors were not required to complete specific toolkit(s) in 2011-12.</p>	<p>We reviewed some of the processes management has established to ensure Best Value is achieved throughout the organisation. This included a review of expenditure authorisation by senior management. A+DS complies with Scottish Government procurement requirements, including receiving three tenders for all expenditure over £5,000. Significant procurement costs relates to external consultancy work procured through agreed Scottish Government frameworks.</p> <p>During 2011-12, internal audit undertook a review of procurement arrangements at A+DS. A+DS has developed their own procurement manual, which in line with the Scottish Government procurement requirements.</p>
Regularity	<p>As part of our audit of A+DS's financial statements, we are required by the <i>Public Finance and Accountability (Scotland) Act 2000</i> to give an opinion on the regularity of expenditure and receipts shown in the financial statements.</p>	<p>As part of our substantive testing on expenditure, we reviewed the regularity of specific items sampled and assessed the appropriateness of this expenditure in line with the purposes for which A+DS has been created. We found no instances of items which did not appear appropriate for the nature of A+DS.</p>



Over-arching and supporting corporate governance arrangements remain primarily unchanged and provides a framework for organisational decision-making.

We have noted one recommendation to improve evidence of key financial controls.

<p>Corporate governance and internal control arrangements</p> <p>Standards of conduct and prevention and detection of corruption</p>	<p>A+DS maintains an integrated governance framework to provide an appropriate structure for decision-marking, accountability, control and behaviour.</p> <p>Our testing, combined with that of internal audit, of the design and operation of financial controls over significant risk points confirms that controls are, in the main, designed appropriately and operating effectively. However, we believe controls over bank reconciliations and journal processing, could be better evidenced. Management should ensure all controls, including review and authorisation, are evidenced by signing and dating.</p>
<p>Governance statement</p>	<p>Management are working on completing a governance statement. This FReM requirement was a change from 2011-12 in which the statement on internal control has been replaced by the governance statement. The governance statement provides detail on the governance framework, the system of internal control, internal audit, internal financial controls and risk management arrangements, and analyses the effectiveness of these elements of the framework. It describes a number of sources of assurance for the accountable officer.</p>
<p>Internal audit</p>	<p>As set out in our audit plan and strategy, we reviewed the work of internal audit in 2011-12. The content of the internal audit plan is, in our view, appropriate for the size and nature of A+DS. Although we did not place specific reliance on any the reports issued in the year, they assisted our understanding of A+DS's operations and overall systems of internal control.</p> <p>Internal audit completed their planned audit work for the year and concluded that <i>“for annual assurance purposes our evaluation of the controls governing A+DS operations is satisfactory”</i>.</p>
<p>Prevention and detection of fraud</p>	<p>Procedures and controls related to fraud are designed and implemented effectively. Expenditure is reviewed and authorised by appropriate finance personnel and senior management. In 2011-12 no significant or other fraud or irregularity was identified by management, internal audit, or through the course of our external audit work.</p>



*cutting through complexity™*

# Appendices

### Financial statements

Audited bodies' financial statements are an essential part of accounting for their stewardship of the resources made available to them and their performance in the use of those resources. Audited bodies are responsible for:

- ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority;
- maintaining proper accounting records;
- preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the relevant financial reporting framework (eg, the Financial Reporting Manual or an Accounting Code of Practice);
- preparing and publishing with their financial statements an annual governance statement, statement on internal control or statement on internal financial control and a remuneration report; and
- preparing consolidation packs and, in larger bodies, preparing a Whole of Government Accounts return.

### Systems of internal control

Audited bodies are responsible for developing and implementing systems of internal control, including risk management, financial, operational and compliance controls. They are required to conduct annual reviews of the effectiveness of their governance, systems of internal control, or internal financial control, and report publicly that they have done so. Such reviews should take account of the work of internal audit and be carried out by those charged with governance, usually through bodies' audit committees.

### Prevention and detection of fraud and irregularities

Audited bodies are responsible for establishing arrangements to prevent and detect fraud and other irregularity. This includes:

- developing, promoting and monitoring compliance with standing orders and financial instructions;
- developing and implementing strategies to prevent and detect fraud and other irregularity;
- receiving and investigating alleged breaches of proper standards of financial conduct or fraud and irregularity; and
- participating, when required, in data matching exercises carried out by Audit Scotland.

### Standards of conduct and arrangements for the prevention and detection of bribery and corruption

Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and should put proper arrangements in place for:

- implementing and monitoring compliance with appropriate guidance on standards of conduct and codes of conduct for members and officers;
- promoting appropriate values and standards; and
- developing, promoting and monitoring compliance with standing orders and financial instructions.

## Audit Scotland code of audit practice – responsibilities of A+DS (continued)

### Financial position

Audited bodies are responsible for conducting their affairs and for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:

- such financial monitoring and reporting arrangements as may be specified;
- compliance with any statutory financial requirements and achievement of financial targets;
- balances and reserves, including strategies about levels and future use; and
- the impact of planned future policies and foreseeable developments on their financial position.

### Best Value

Achievement of Best Value or value for money depends on the existence of sound management arrangements for services, including procedures for planning, appraisal, authorisation and control, accountability and evaluation of the use of resources.

Audited bodies are responsible for ensuring that these matters are given due priority and resources, and that proper procedures are established and operate satisfactorily.

**You are required to provide us with representations on specific matters such as your financial standing, application of accounting policies, and whether the transactions within the financial statements are legal and unaffected by fraud.**

In the representation letter, we requested your specific confirmation that:

- a) all significant retirement benefits, including any arrangements that are:
  - statutory, contractual or implicit in the employer's actions;
  - arise in the UK and the Republic of Ireland or overseas;
  - funded or unfunded; and
  - approved or unapproved,
  - have been identified and properly accounted for.
- b) all settlements and curtailments have been identified and properly accounted for; and
- c) the consolidation of retirement benefits arrangements in the year has been appropriately accounted for.

Three adjusted audit differences were identified during the audit process. There is a positive £30,827 net effect of the adjustments on total comprehensive income in the year.

Adjusted caption	DR	CR
Accruals	8,895	-
Expenditure	-	8,895
Income	149,971	-
Expenditure	-	149,971
Deferred income	95,692	-
Income	-	21,932
Accrued income	-	73,760
<b>Total</b>	<b>254,558</b>	<b>254,558</b>

Unadjusted caption	Nature of difference	£'000
No unadjusted audit differences have been identified.		
<b>Total</b>		<b>-</b>

Several presentational amendments were made to the disclosures in respect of the remuneration report, governance statement, directors' report, statement of accountable officer's responsibilities and other areas of the report and financial statements. In addition, some amendments to financial statements were made to ensure it reflects best practice.

## Priority rating for recommendations

**Grade one** (significant) observations are those relating to business issues, high level or other important internal controls. These are significant matters relating to factors critical to the success of the organisation or systems under consideration. The weaknesses may therefore give rise to loss or error.

**Grade two** (material) observations are those on less important control systems, one-off items subsequently corrected, improvements to the efficiency and effectiveness of controls and items which may be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified.

**Grade three** (minor) observations are those recommendations to improve the efficiency and effectiveness of controls and recommendations which would assist us as auditors. The weakness does not appear to affect the availability of the control to meet their objectives in any significant way. These are less significant observations than grades one or two, but we still consider they merit attention.

Finding(s) and risk(s)	Recommendation(s)	Agreed management actions
<b>1 Timeframe in completing financial statements</b>		
There was delay in finalising the draft financial statements and associated disclosures.	Management should ensure that in future, draft financial statements are available for the start of the year end financial statements audit and that these are in full compliance with applicable accounting standards.	<p><b>Material</b></p> <p>Noted. We will ensure draft financial statements are available for the start of the 2012/13 audit.</p> <p><b>Responsible officer:</b> head of corporate services</p> <p><b>Implementation date:</b> For 2013 audit.</p>
<b>2 Applicable reporting frameworks</b>		
<p>We found that staff were partially unaware of the financial frameworks that govern A+DS, in particular the application of the FReM and amendments made to this financial framework.</p> <p>There is a risk that important mandatory changes are not identified in the preparation of the financial statements.</p>	Management should ensure that annually, in advance of the audit, that the HM Treasury website is checked to action any changes to the FReM and reporting requirements applicable to that financial year.	<p><b>Significant</b></p> <p>Noted. We will ensure adequate training and knowledge of FReM is obtained.</p> <p><b>Responsible officer:</b> head of corporate services</p> <p><b>Implementation date:</b> 31 March 2013</p>

Finding(s) and risk(s)	Recommendation(s)	Agreed management actions
<b>3 Carry forward of In come</b>		<b>Significant</b>
<p>A+DS, due to the timing of transactions in year, tend to carry forward a significant amount of income into the following financial year. This has led to significant issues in understanding the journal postings around income and deferred / accrued income.</p> <p>It was also found that permission from the sponsor department had not been officially sought at year end to carry forward funding.</p> <p>Although, in 2011-12 we obtained confirmation during the audit that funds were allowed to be carried forward, there is a risk that A+DS does not seek permission to carry forward these funds and they are clawed back after being committed and included in budgets for the following financial year.</p>	<p>Management should undertake a yearly exercise of contacting the sponsor department in advance of the year end to update them of any under spends that are anticipated and in doing so gain confirmation that subject to these estimates being correct that A+DS are allowed to carry forward these funds. At year end A+DS should then confirm with the sponsor department the exact amount to be carried forward and receive written confirmation of this.</p> <p>Management should also ensure that they are in full understanding of journals posted at year end.</p>	<p>Noted. Management will liaise with sponsor division to advise them of any potential underspend of grant income and agree actions to be taken. Written permission will be obtained from sponsor division to carry forward funds to the following year.</p> <p><b>Responsible officer:</b> head of corporate services / chief executive.</p> <p><b>Implementation date:</b> 31 March 2013.</p>



Finding(s) and risk(s)	Recommendation(s)	Agreed management actions
<p><b>4 Journal authorisation</b></p>		
<p>There is a lack of segregation of duties within A+DS in relation to journals. There is a risk that as segregation of duties does not exist that journals could be posted incorrectly.</p> <p>Our review of journals did identify one reversal of a 2010-11 journal that had been incorrectly posted to income instead of expenditure. It should be noted that this has no impact on the bottom line of the financial statements, as it reduced income and reduced expenditure.</p>	<p>Management should ensure that a system of segregation of duties in relation to journal posting should be implemented. This could include using more junior members of staff to prepare journals with the head of corporate services reviewing the journals posted.</p>	<p style="text-align: center;"><b>Material</b></p> <p>Noted – one junior member of staff (Corporate Services Assistant) has already been trained to process journals and has posted journals during the year after approval by Head of Corporate Services. Other members of staff will be trained to process routine journals on Sage over the next three months. Where journals are processed by Head of Corporate Services these will be reviewed by another member of the department. All journals will be signed by the employee who processes it and also the employee who authorises it.</p> <p><b>Responsible officer:</b> head of corporate services</p> <p><b>Implementation date:</b> 30 November 2012</p>



*cutting through complexity™*

© 2012 KPMG LLP, a UK Limited Liability Partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (KPMG International), a Swiss entity.  
All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International Cooperative (KPMG International).