

## AUDIT OF THE COUNCIL'S 2006/07 FINAL ACCOUNTS – POINTS ARISING

### 1. Reason for Report

The purpose of this report is to present the external auditor's letter on the audit of the Council's 2006/07 annual accounts to this Committee in line with the requirements of the International Standard on Auditing 260 (ISA 260).

### 2. Report Summary

2.1 The Council's external auditors, Audit Scotland, have now concluded their audit of the Council's Final Accounts for the year ended 31<sup>st</sup> March 2007.

2.2 Audit Scotland are required to present a report to those charged with governance in the Council before the 30<sup>th</sup> September 2007.

2.3 The appendices to this report contain the statutory report from Audit Scotland.

### 3. Recommendation

**Members are asked to:**

**3.1 receive the external auditor's letter on the audit of the 2006/07 accounts (Appendix A);**

**3.2 note that no issues have been identified in the course of the audit which have impacted on the fairness of the financial statements submitted for audit; and**

**3.3 note that the full Council will be asked to remit detailed consideration of the certified accounts, and of the external auditor's report, to the Governance and Audit Committee.**

### 4. Corporate Plan Links and Contribution

The preparation of the Council's Final Accounts and the external auditor's report contribute towards the Corporate Plan target of strong financial management.

### 5. Resources/ Value for Money

As part of the wider aspects of the external audit process, the Council's use of resources and progress towards achievement of Value for Money are reviewed.

### 6. Authorities and Legal Implications

The external auditor is required to audit the Council's financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission.

## 7. Background

7.1 The draft *Independent Auditor's Report to the Members of Dumfries and Galloway Council and the Accounts Commission for Scotland* (**Appendix B**) indicates that the Council's financial statements are presented fairly and have been properly prepared in accordance with the Local Government (Scotland) Act 1973. The external auditors opinion on the Council's 2006/07 accounts is therefore unqualified although it has been necessary to include a paragraph in the Auditor's Report to highlight the failure of 3 of the Council's statutory trading accounts (Catering & Cleaning, Cleansing & Grounds Maintenance and Property Maintenance) to break even over the 3 year period ended 31<sup>st</sup> March 2007.

7.2 The International Standard on Auditing 260 (ISA 260) requires auditors to communicate matters relating to the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. The Assistant Director of Audit has therefore provided a letter to the Governance and Audit Committee (**Appendix A**) highlighting the points arising from her team's work. A number of issues are brought to Members attention in that letter although no issues have been identified which have impacted on the fairness of the financial statements submitted for audit (**Appendix D**).

7.3 The International Standard on Auditing 580 requires auditors to obtain assurances from the proper officer on certain issues relating to the annual accounts. A copy of the letter relating to the 2006/07 accounts and signed by the Director of Finance is attached in **Appendix C**.

7.4 Once the Assistant Director of Audit has discussed the points arising with the Governance and Audit Committee she will be in a position to sign off the audit certificate. The final certified accounts can then be reported to the full Council with a recommendation to remit detailed consideration of these accounts, and the external auditor's report, to the Audit Committee.

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Robin Bennie, Director of Finance  
Financial Services  
Carruthers House, English Street,  
DUMFRIES

**Appendix A – Letter from the External Auditor to the Members of the Governance and Audit Committee on the Audit of Dumfries and Galloway Council's Annual Accounts 2006/07**

**Appendix B – Draft Independent Auditor's Report to the Members of Dumfries and Galloway Council and the Accounts Commission for Scotland**

**Appendix C – Copy of letter relating to the 2006/07 accounts signed by the Director of Finance**

**Appendix D – Issues from external auditors to be brought to Members' attention**

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**Appendix A**

14 September 2007

Members of the Governance and Audit Committee  
Dumfries and Galloway Council  
English Street  
Dumfries  
DG1 2HP

Dear Members

**Audit of Dumfries and Galloway Council Annual Accounts 2006/07  
International Standard on Auditing 260**

International Standard on Auditing 260 (ISA 260) *Communication of audit matters with those charged with governance* requires auditors to communicate matters relating to the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. ISA 260 requires me to highlight:

- the integrity and objectivity of the audit engagement lead and audit staff;
- the nature and scope of the audit, including any limitations, and the form of reports expected to be made;
- expected modifications to the audit report;
- the representation letter, that the auditor requested the Director of Finance to sign;
- unadjusted misstatements (other than those which are clearly trifling);
- material weaknesses in the accounting and internal control systems identified during the audit;
- views about the qualitative aspects of accounting practices and financial reporting; and
- matters specifically required by other auditing standards to be communicated and any other matters relevant to the audit.

A summary of my findings in respect of these issues is shown at Appendix A to this letter.

In my view, 10 issues require to be brought to your attention regarding the appropriateness of the Council's accounting policies or accounting estimates and judgements, the timing of transactions, the existence of any material unusual transactions or the potential effect on the financial statements of any uncertainties. These issues are shown at Appendix D.

This letter includes only those matters of governance interest that have come to our attention as a result of the performance of the audit. An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. The letter has been prepared for the use of Dumfries and Galloway Council and no responsibility to any third party is accepted.

Finally, I would like to express my thanks to members of the Council and Council staff for your help and assistance during the audit of this year's accounts which has enabled me to certify the accounts by the Controller of Audit's target date.

Yours sincerely



**Peter Tait**  
**Assistant Director Audit (Local Government)**

Enc

**ISA 260 issues to be highlighted:**

<p>The integrity and objectivity of the audit engagement lead and audit staff and the nature and scope of the audit.</p>	<p>Information on the integrity and objectivity of the audit engagement lead and audit staff, and the nature and scope of the audit, were outlined in the Audit Risk Analysis and Plan submitted to the Governance and Audit Committee on 21 August 2007 and in the Code of Audit Practice prepared by Audit Scotland in March 2007.</p>
<p>Expected modifications to the audit report.</p>	<p>My anticipated audit report (Appendix B) is unqualified. However, it contains an explanatory paragraph in respect of the failure by the Catering and Cleaning service, Cleansing and Grounds Maintenance service and Property Maintenance service significant trading operations to achieve the statutory requirement of a cumulative break even position over a three year period. This does not impact on the fairness of the financial statements and, therefore, does not affect the opinion on the accounts.</p>
<p>The representation letter, that the auditor requested the Director of Finance to sign.</p>	<p>Included at Appendix C</p>
<p>Unadjusted misstatements (other than those which are clearly trifling.)</p>	<p>None</p>
<p>Material weaknesses in the accounting and internal control systems identified during the audit.</p>	<p>No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the accounts. Opportunities to improve internal control however have been reported to the Council during the year in reports to management. The more significant issues will be highlighted in the Report to Members on the 2006/07 audit.</p>
<p>Views about the qualitative aspects of accounting practices and financial reporting.</p>	<p>Included at Appendix D</p>
<p>Matters specifically required by other auditing standards to be communicated and any other matters relevant to the audit.</p>	<p>None</p>

**Proposed Independent Auditor's Report****Independent auditor's report to the members of Dumfries and Galloway Council and the Accounts Commission for Scotland**

I certify that I have audited the financial statements of Dumfries and Galloway Council for the year ended 31 March 2007 under Part VII of the Local Government (Scotland) Act 1973. These comprise the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet and Cash-Flow Statement, the Council Tax Income Account, the Non-Domestic Rate Income Accounts, the Pension Fund: Fund Account and Net Assets Statement, the Trust Funds, the Common Good Funds and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the parties to whom it is addressed in accordance with the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

**Respective responsibilities of the Director of Finance and auditor**

The Director of Finance's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2006 - A Statement of Recommended Practice (the 2006 SORP) are set out in the Statement of Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission.

I report my opinion as to whether the financial statements present fairly the financial position of the local authority in accordance with applicable laws and regulations and the 2006 SORP, and have been properly prepared in accordance with the Local Government (Scotland) Act 1973. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the local authority has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the Corporate Governance Assurance Statement reflects the authority's compliance with the SORP. I report if, in my opinion, it does not comply with the SORP or if it is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement covers all risk and controls. Neither am I required to form an opinion on the effectiveness of the local authority's corporate governance procedures or its risk and control procedures.

I read the other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises the Explanatory Foreword by Director of Finance. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

**Basis of audit opinion**

I conducted my audit in accordance with Part VII of the Local Government (Scotland) Act 1973 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Accounts Commission. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Director of Finance in the preparation of the financial statements, and of whether the accounting policies are appropriate to the local authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In my opinion

- the financial statements present fairly, in accordance with applicable laws and regulations and the 2006 SORP, the financial position of Dumfries and Galloway Council as at 31 March 2007 and its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

## **Failure to comply with a statutory requirement**

It has not been necessary to qualify my opinion in respect of the following matter.

Local authorities have a duty under section 10 of the Local Government in Scotland Act 2003 to conduct each of their significant trading operations so that income is not less than expenditure over each three year period. The authority failed to comply with this statutory requirement for the three year period ending 31 March 2007 in respect of the following significant trading operations:

- Catering and Cleaning Service;
- Cleansing and Grounds Maintenance Service; and
- Property Maintenance Service.

*Peter Tait CPFA  
Assistant Director of Audit (Local Government)*

*Audit Scotland  
7<sup>th</sup> Floor  
Plaza Tower  
East Kilbride  
G74 1LW*

*28 September 2007*

Your Ref:

Our Ref: RB

12 September 2007

Peter Tait  
Assistant Director of Audit  
Audit Scotland  
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G74 1LW

Director  
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Dear Mr Tait

### **2006/07 FINANCIAL STATEMENTS**

This representation letter is provided in connection with your audit of the financial statements of Dumfries and Galloway Council for the year ended 31 March 2007 for the purpose of expressing an opinion as to whether the financial statements present fairly the financial position of Dumfries and Galloway Council as at 31 March 2007 and its income and expenditure for the year then ended.

I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Chief Executive and Corporate Management Team, the following representations:

#### **Legality of Financial Transactions**

1. The financial transactions of Dumfries and Galloway Council are in accordance with the relevant legislation and regulations governing its activities. All known or possible non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed to you, together with the actual or contingent consequences which may arise.
2. The catering and cleaning service, cleansing and grounds maintenance and property maintenance service significant trading operations did not satisfy the statutory requirement to break even over a three year period.

#### **Accounting Policies**

3. All material accounting policies adopted are as shown in the Statement of Accounting Policies. The continuing appropriateness of the Council's accounting policies and estimation techniques has been reviewed since the introduction of FRS18 and on a regular basis thereafter, having regard to the concepts and qualitative characteristics set out in the *Code of Practice on Local Authority Accounting in the United Kingdom 2006* ("the SORP").
4. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

## **Going Concern**

5. The Directors have assessed the Council's ability to carry on as a going concern, and have disclosed, in the accounts, any material uncertainties that have arisen as a result.

## **Assets**

### *General*

6. The assets shown in the books and accounts at 31 March 2007 were owned by Dumfries and Galloway Council other than assets which have been purchased under operating lease.

### *Fixed Assets*

7. For the year ended 31 March 2007, title deeds are held for properties included in Dumfries and Galloway Council and the Common Good Fund balance sheets and an exercise is currently being progressed to ensure that the documentation held is comprehensive.
8. All fixed assets are appropriately classified. The net book amount in the balance sheet was arrived at
  - (i) after taking into account all material capital expenditure on additions thereto but not expenditure properly chargeable to revenue;
  - (ii) after the amounts at which the land and buildings were stated in the balance sheet were properly calculated in accordance with the approved bases of valuation and fairly represented the values at 31 March 2007, and no properties were omitted from or duplicated in the valuation;
  - (iii) after deducting the cost and accumulated depreciation relating to items sold or scrapped;
  - (iv) after providing for depreciation and obsolescence on bases and at rates calculated to reduce the net book value of each asset to its estimated residual value by the end of its probable useful life.
9. At 31 March 2007, Dumfries and Galloway Council had no obligations under finance leases.
10. Intangible assets have been recognised in accordance with the SORP and FRS 10, as disclosed at note 20 to the accounts.

### *Long Term Debtors & Prepayments*

11. All such debtors and prepayments have been fully provided for in the books of account.

### *Stocks*

12. The Council's stocks have been valued at the lower of cost and estimated net realisable value and all stocks are included in the financial statements.

### *Other Current Assets*

13. On realisation in the ordinary course of Dumfries and Galloway Council's business the other current assets in the balance sheet are expected, in my opinion, to produce at least the amounts at which they are stated. In particular adequate provision has, in my opinion, been made against all amounts owing which are known or may be expected to be irrecoverable.

### **Liabilities**

#### *General*

14. All liabilities have been provided for in the books of account, including the liability for all purchases to which title has passed prior to 31 March 2007.

#### *Contingent Liabilities*

15. There are no significant contingent liabilities, other than those disclosed in Note 26 to the Consolidated Balance Sheet, arising either under formal agreements or through informal undertakings requiring disclosure in the accounts. All known contingent liabilities have been fully and properly disclosed, including any outstanding legal claims which have not been provided for under the SORP and FRS 12.

#### *Provisions*

16. Provisions have been made in the accounts for all material liabilities which have resulted, or may be expected to result, by legal action or otherwise, from events which had occurred by the balance sheet date, and of which Dumfries and Galloway Council could reasonably be expected to be aware.
17. Actual and potential claims in relation to equal pay legislation have been reviewed and the probability that some transfer of economic benefits will be needed to settle this class of potential obligations as a whole has been assessed. Provision has been made where required for such liabilities that remained unpaid at 31 March 2007 in accordance with the SORP and FRS 12. The amount recognised as a provision in the 2006/07 financial statements of £5.55 million, is the best estimate of the expenditure likely to be required to settle the present obligation at the balance sheet date.
18. The amount recognised as a provision in the 2006/07 financial statements of £1.50 million in relation to the repayment of charges levied for food preparation services provided as part of personal care packages, is the best estimate of the expenditure likely to be required to settle the present obligation at the balance sheet date

#### *Commitments*

19. All commitments under capital contracts have been disclosed in Note 14 to the Consolidated Balance Sheet. Any other significant commitments or obligations which might adversely affect the council have been disclosed.

#### *Loans Fund*

20. All borrowings have been confirmed as being compliant with the provisions of the Local Government (Scotland) Act 1975.

21. The balance sheet records the value of all loans held by the council and outstanding at 31.3.07.
22. The Council holds a loan from the Dumfries and Galloway Pension Fund of £1.75 million. Interest on this loan is payable to the pension fund at the annual rate of 14%.

#### *Pension Fund*

23. An allowance has been made for exchanging ( commuting ) part of the LGPS pension for additional cash for retirements with effect from 6 October 2006. Past service costs to 31 March 2007 includes a saving of £5,499,000 in respect of commutation. I acknowledge that this is an estimate.

#### *Other Matters*

24. Expenditure on the purchase of furniture, office equipment and computer equipment and software below the de minimis level has been charged to the income and expenditure account. Items costing more than the de minimis level have been treated as fixed assets.
25. Except as disclosed in the financial statements, the results for the period were not materially affected by
  - (i) transactions of a sort not usually undertaken by Dumfries and Galloway Council;
  - (ii) circumstances of an exceptional or non-recurrent nature;
  - (iii) charges or credits relating to prior periods;
  - (iv) any change in the basis of accounting.
26. All related party transactions have been identified and disclosed at Note 10 to the Accounts in accordance with the SORP.

#### **Local Government in Scotland Act 2003**

27. Following the introduction of the statutory duty to demonstrate Best Value under the above Act, trading service accounts have been prepared for all significant trading operations in accordance with guidance issued by CIPFA / LASAAC.

#### **Corporate Governance**

28. I acknowledge, as the officer with responsibility for the proper administration of the council's financial affairs under section 95 of the Local Government (Scotland) Act 1973, my responsibility for the systems for internal control and that the disclosures I have made are in accordance with guidance on statements on the system of internal control.

29. I acknowledge that it is the responsibility of the Council to prevent and detect fraud and other irregularity. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor the results of this review, including any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

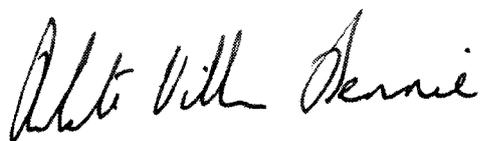
#### **General**

30. I acknowledge my responsibility, and that of the Council, for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by Dumfries and Galloway Council have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all Council and other meetings.
31. Disclosure has been made in the financial statements of all matters necessary for them to present fairly the transactions and state of affairs of Dumfries and Galloway Council for the year ended 31 March 2007.
32. All common good assets and liabilities and revenue transactions have been properly separated from the Council's single entity accounts and are reflected within the common good accounts (Statement 12 in the accounts). Similarly, all assets and liabilities and revenue transactions relating to charitable trusts managed by the Council have been properly separated from the Council's single entity accounts and are reflected within the trust fund accounts (Statement 11 in the accounts).

#### **Events Subsequent to the Date of the Balance Sheet**

33. There have been no material events since the date of the balance sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
34. Since the date of the balance sheet no events or transactions have occurred which, though properly excluded from the accounts, are of such importance that they should be brought to your notice.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Robert W Bennie', written in a cursive style.

Robert W Bennie  
Director of Finance

**Issues to be brought to your attention:**

1. **Going concern:** the combined deficit on the Local Government, Police and Fire pension schemes is £336.985 million. This has reduced from £377.777 million in 2005/06. The continuing pension liability has had a substantial impact on the net worth of the Council which is reported in the balance sheet at 31 March 2007 as a negative net worth of £98.305 million compared to a negative net worth of £152.216 million in 2005/06. To demonstrate that the Director of Finance has considered the impact this has had on the ability of the Council to continue to deliver services in the future and consideration as to whether the preparation of the accounts under the going concern concept remains appropriate, the accounts contain notes on this issue in the explanatory foreword.
2. **Overall financial position:** the Council made a net revenue surplus in 2006/07 of £0.989 million. In his foreword to the financial statements, the Director of Finance says that it was anticipated that £6.5 million of brought forward balances would be used in 2006/07. Due mainly to the generation of capital receipts in the year, only £4.4 million instead of the £6.5 million of unallocated general fund balances were utilised. Although the Council's overall financial position was better than the budgeted position the Council has continued to face a number of particular budget pressures in Education and Community Services (ECS) and Combined Services (CS).
3. **Significant trading organisations:** the Local Government in Scotland Act 2003 requires significant trading operations (STOs) to break even over a three year rolling period. The second three year period ended in 2006/07. In 2006/07, three of the four Council's STOs reported a cumulative three year deficit and therefore failed to achieve the statutory performance target. Cumulative deficits have been reported for Cleansing and Grounds Maintenance (£2.024 million), Property Maintenance (£2.168 million) and Catering and Cleaning (£1.780 million). The Roads Maintenance trading operation reported a cumulative surplus (£0.995 million). 2006/07 is the second year that these STOs have failed to achieve the statutory break even target. As reported above, due to the failure of three trading operations to meet the statutory requirement to break even over a rolling 3 year period, an explanatory paragraph has been included in the 2006/07 auditor's report.
4. **Equal pay:** the Council has sought to limit its exposure to the financial risk associated with equal pay claims by offering equal pay compensation payments to specific groups of employees as part of a compensation package. During 2006/07 the Council incurred £4.504 million in these payments. The Council continues to face potential additional equal pay claims from further groups of employees and has provided £5.550 million. I have requested and received a specific representation from the Director of Finance that actual and potential claims in relation to equal pay legislation have been reviewed and the amount recognised as a provision (£5.550 million) is the best estimate of the expenditure likely to be required to settle the present obligation at the balance sheet date. While there remain uncertainties over the actual costs that will be incurred to settle these cases, I am satisfied that this is a reasonable approach.
5. **Food preparation charges:** the Council has made a provision of £1.5 million in 2006/07 in relation to the repayment of charges levied for food preparation services provided as part of personal care packages. While the total value of the charges levied for food preparation costs have yet to be established by the Council, I have received and accepted the specific representation from the Director of Finance that the £1.5 million is the best estimate of the expenditure likely to be required to settle the present obligation at the balance sheet date.
6. **Capital slippage:** there has continued to be considerable slippage against the capital programme in 2006/07. The final capital outturn report for 2006/07 shows capital spend of £19.36 million against a programme of £ 30.33 million ( i.e. actual spend at only 36% of the annual budget). Similar levels of capital slippage were reported in both 2004/05 and 2005/06. Greater adherence to project management guidance and a facility to accelerate future years maintenance projects have been reported as measures for reducing future slippage in the Council's capital programme.

7. **Outstanding loan:** the unaudited draft accounts presented for audit have been adjusted to include a £1.75 million loan from the Dumfries and Galloway pension fund to the Council. This loan had previously been omitted from the Council's balance sheet. The loan predates the creation of Dumfries and Galloway Council in April 1996 and was originally made from the pension fund to Nithsdale District Council in connection with the financing of the ice bowl complex. We have been unable to obtain the original loan agreement and have obtained specific representation from the Director of Finance on the existence and value of the loan. The current fixed interest rate payable by the Council on the loan is 14% per annum. This is well above the current market rates and the potential for the early repayment of the loan by the Council should be reviewed.
8. **Resource transfer underspends:** the 2006/07 creditors include a balance of £ 2.6 million relating to resource transfer monies received from NHS Dumfries and Galloway which were unspent at the year end. This balance has remained in the region of £2.5 million since 2004/05. We are advised that underspends have resulted from delays in setting up care projects and identifying appropriate care packages for individuals which could be funded in line with the terms of the resource transfer agreements. Action is continuing by officers to address this issue.
9. **Corporate governance assurance statement:** based on our findings from our audit in 2006/07, I requested the need to improve the Council's risk management arrangements and the need to implement a business continuity plan to be separately disclosed in the Corporate Governance Assurance Statement. We will monitor progress in improving these control areas in 2007/08.
10. **Title deeds checks:** we have reported for a number of years that the Council is to complete an exercise to establish where all its heritable properties are, who holds title to them and what the value is. This is important to ensure that both the Council's and any common good fixed asset figures are fairly stated. While progress has been made in this area during the year there still remains a considerable level of checks to be carried out. We will continue to monitor this issue in 2007/08.