

KENT AUDIT

Background

The Kent County Council Treasury and Investments Team have experienced a considerable reduction in their operations since October 2008. There are currently six approved counterparties with whom the Council operate; all of which are through call accounts. Between April 2009 and October 2010 investments were only placed with the Debt Management Office (DMO).

This audit was completed as a follow up of the recommendations raised in the report issued in March 2009, following a review completed by PricewaterhouseCoopers. All recommendations raised within the report were followed up; however, as there was no scope for a management response, recommendations which were not previously agreed have also been followed up for completeness.

Overall Audit Assurance

Based on the findings in this follow up audit, there is **High** assurance that risks, which could prevent achievement of business objectives pertaining to the audited system, are managed effectively.

Risks Examined	Control Assurance			
	High	Substantial	Limited	Minimal
Counterparty lists and limits are not up to date	✓			
Set counterparty limits are not adhered to	✓			
Treasury transactions are not adequately reviewed	✓			
Documentation around investments is not properly maintained	✓			
Investment policy is geared towards returns and not risk management	✓			
Poor performance monitoring arrangements in place	✓			
Treasury operations manual is out of date	✓			
Inadequate sources of information considered in investment decisions	✓			
Manual processes within treasury services result in fraud or error	✓			
Insecure payment processes in	✓			

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place				
Treasury team does not have appropriate skills and training	✓			
Inadequate review and reporting procedures in place	✓			
Inappropriate treasury advisors are engaged	✓			
Inadequate disaster recovery procedures are in place	✓			
Council does not comply with latest CIPFA treasury management code	✓			
Inadequate governance arrangements are in place	✓			
Overall Assurance	✓			

Definitions of our assurance levels can be found in Appendix 1

Summary of Findings

The original Review of Treasury Management in October 2008 made 13 recommendations. We have found that 10 recommendations have been fully implemented. In relation to the remaining 3 recommendations, we were satisfied that adequate steps have been taken to mitigate the risks highlighted in the PWC report, and have been able to assign a high level of assurance to this report.