FINANCIAL AND PERFORMANCE REPORTING REPUBLIC OF IRELAND

December 2005
Diploma stage

MARKING SCHEME

Question 1

(a) Income and Expenditure account

	€000	
Income		
Grants and subsidies	12,571	
Goods and services	8,413	
Local government fund – general purpose grant	11,266	
Rates	2,782	
Total Income	**35,032**	*½*
Expenditure		
Payroll expenses 10,314 + 890	11,204	*1*
Operational expenses 11,625 + 80 + 1,000 - 3	12,702	*2*
Administration expenses	1,612	
Establishment expenses	1,683	
Financial expenses 1,637 + 1500 + 4	3,141	*1 ½*
Miscellaneous Expenses	145	
Total expenditure	**30,487**	
Surplus/(deficit) for the year before transfers	**4,546**	
Transfer (to)/from reserves	**(1,000)**	*1 ½*
Overall surplus	**3,546**	
General reserve 1/1/04	**23,722**	
General reserves 31/12/04	**27,267**	

Balance Sheet At 31 December 2004

	€000	€000	
Fixed assets			
Land		10,754	½
Buildings		11,136	½
Housing		95,654	1
Plant & machinery		1,085	½
		118,629	
Work in progress and preliminary expenses		12,329	
Long term debtors		7,433	½
Current assets			
Stocks	875		
Trade debtors & prepayments 6,532 + 310 – 69 - 80	6,693		2
Bank investments	5,300		½
Cash at bank	0		
Cash on hand	757		
	13,625		
Current liabilities (amounts falling due within one year)			
Bank overdraft	(3,600)		½
Creditors & accruals 4,287 + 890	(5,177)		2
Finance leases	(16)		½
	(8,793)		
Net current assets/(liabilities)		**4,832**	
Provisions for liabilities and charges		(1,000)	1
Creditors (amounts falling due after more than one year)			
Loans payable	(15,220)		½
Finance leases	(32)		½
Other	0	(15,252)	
Net assets		**126,971**	
Financed by			
Capitalisation account		(118,629)	½
Income WIP		0	
Specific revenue reserve		(75)	1
General revenue reserve		(27,267)	½
Other balances 20,000 – 1,000		19,000	1
Total reserves		**126,971**	

Workings:

Correction of Suspense account

(a) Finance Lease	**€000**	**€000**
Dr: Finance Lease C.L.	16	
Dr: I&E	4	
Cr: Suspense a/c		20

(b) Fixed Asset disposals	**€000**	**€000**
Dr: Suspense account	75	
Cr: Usable capital receipts Show under specific revenue reserve account		75

Bad debts and provision for bad debts

Bad debt write off	**€000**	**€000**
Dr: I&E – Operational expenses	80	
Cr: Commercial Debtors		80
Provision for bad debts		
6% x (1,234 – 80) = 6% x 1,154	69	
Current provision	72	
Reduction in provision	3	
Entries in the Financial Statements		
CR: I&E Operational expenses		3
DR: Provision for bad debts B.S. under debtors	3	

Fixed Assets Schedule including depreciation

			€000		
	Land	**Buildings**	**Housing**	**Plant & machinery**	
As per trial balance	10,754	11,364	98,612	1,281	
Disposals			(75)		
	10,754	11,364	98,612	1,206	
Depreciation rates	Nil	2%	3%	10%	
Depreciation charges	Nil	(227)	(2,958)	(121)	*3306*
Closing balances	10,754	11,136	95,654	1,085	*118629*

Provision for compensation claim

	€000	**€000**
As per FRS 12 provision is made for contingent losses where the possibility is likely		
DR: I&E under operational expenses	1,000	
CR: Provisions for contingent liabilities		1,000

Non-Mortgage Loan Payment

	€000	**€000**
Dr: I&E financing expenses	1,500	
Transfer to Other balances – unfounded loans to be amortised		1,000

(20)

Question 2

TV2U: Reconciliation of net operating cost to net cash outflow

		€000	
Net operating cost for the year	(Working 1)	(208)	
Depreciation		350	*1*
Profit on disposal	(500 – 600)	(100)	*1*
Amortised Goodwill	(190 – 380)	190	*1*
Amortised Government Grant	(400 – 450)	(50)	*1*
Movements in:			
Debtors	(1390 – 959)	431	*1*
Creditors	(2173 – 2720)	547	*1*
		1,160	

TV2U: Cash flow statement for the year ending 31 December 2004

			€000	
Net cash outflow from operating activities			1,160	
Returns on investment and servicing of finance				
Interest received			150	*1*
Capital expenditure				
Payments to acquire fixed assets	(working 2)	(875)		
Receipts from sale of fixed assets		600		*1*
			(275)	
Taxation				
Paid in 2004	(working 3)		(1,340)	
Management of Liquid resources				
Marketable securities			340	1
Increase in cash			35	

Working 1: Calculation of net operating cost before interest

	€000	
Net operating cost after interest	(1,658)	*1*
Interest received	(150)	*1*
Taxation	1,600	*1*
Net operating cost before interest	(208)	

Working 2: Calculation of fixed assets additions

	€000	
Opening balance	2,500	*1*
Disposal	(500)	*1*
Depreciation	(350)	*1*
Additions (balancing figure)	875	
Revaluation	200	*1*
Closing balance	2,725	*1*

Working 3: Calculation of taxation paid in 2004

	€000	
Due from last year	(1,590)	*1*
Charged for this year	(1,600)	*1*
Due at the end of the year	1,859	*1*
Paid in 2004	(1,340)	

(20)

Question 3

Statement of Accounting Policies and Principles

1. Basis of Accounts *1*

Accounts of the financial transactions of Government Departments and Offices are prepared in accordance with the Exchequer and Audit Departments Act, 1866 and accounting rules and procedures laid down by the Minister for Finance. The accounts are a cash-based record of the Receipts and Payments in the year compared with Estimate Provision, with the addition of information of an accruals nature. Any part of the authorised expenditure left unexpended at year-end is surrendered to the Exchequer.

2. Reporting Period *½*

The Reporting period is the year ended 31 December xxxx.

3. Receipts *1*

Receipts provided for in the Estimates (Appropriations in Aid) may, under section 2 of the Public Accounts and Charges Act, 1891, be used to meet expenditure to the extent authorised by the annual Appropriation Act. Extra Receipts payable to the Exchequer may not be used to meet expenditure from the Vote.

4. Payments *1*

Payments consist of those sums which have come in course of payment during the year. Sums are deemed to have come in course of payment where the liability has been incurred and payment is due and the following has occurred:

(a) In the case of payment by cheque or payable order, the payment instrument has been drawn.
(b) In the case of social welfare payments through the agency of An Post, the amounts have been disbursed by that agency.

5. Closing Accruals *2*

The column for Closing Accruals shows the position at year-end for the following:

- **Accrued Expenses:** for purposes of these accounts, these represent liabilities other than liabilities in regard to remuneration and pensions. In the case of goods and services, an accrued expense/liability is recognised when the payee has met the contractual requirement to provide the goods or services ordered. Goods delivered, but not yet paid for, even if un-inspected and not taken to stock, are treated as a liability. In the case of grants, a liability is recognised when the grantee has met all the requirements of the grant scheme but has yet to receive payment.
- **Prepayments:** payments made during the year of account to meet expenses which will arise in whole or in part in a subsequent financial year.
- **Accrued Income:** income due to a Department at the end of the year of account, which has yet to be received.
- **Deferred Income:** income received by a Department during the year of account for goods/services, which it has yet to provide.

6. Stocks *½*

Consumables are stated at the lower of cost or Departmental valuations.

7. Operating Cost Statement *1*

An Operating Cost Statement is provided to show on an accruals basis, in the context of stated accounting policies and principles, the total amount of resources consumed by a Department/Office in the year. It produces an operating cost figure by a series of adjustments to the cash-based outturn figure produced by the Appropriation Account.

8. Statement of Assets and Liabilities *1*

A Statement of Assets and Liabilities is provided with explanatory notes on (i) Capital Assets, (ii) Capital Assets under Development and (iii) Net Liability to the Exchequer.

9. Statement of Capital Assets *2*

(i) The opening and closing values of Capital Assets on a Department's Asset Register and details of depreciation are shown by way of note to the Statement of Assets and Liabilities. In Departments/Offices where systems were not sufficiently developed in the start-up year (1994) to provide accurate information on the value of certain assets, estimates were used. Thereafter, assets are valued at acquisition cost. Where possible, adjustments were made in subsequent years to improve the accuracy of initial estimates provided. The following assets are not included:

(a) Assets worth less than €1,270 acquired prior to 31 December xxxx, and assets worth less than €318 acquired from 1 January 1995 onwards.
(b) Heritage assets, the value of which cannot be adequately expressed in financial terms.

(ii) Valuation of Assets *3*

Land and Buildings

All lands and buildings owned by the State and controlled/managed by a Department or Office are included in the Statement of Assets and Liabilities (and Statement of Capital Assets). Where land and buildings are (a) vested in the Office of Public Works or (b) vested in a Minister but in fact controlled/managed by the Office of Public Works, they are listed in the account for that Office. Otherwise they appear in the account for the relevant Department. Where lands or buildings are vested in a Minister but are, in fact, controlled/managed by an outside body, they are not included as assets of the Department. However, the ownership of the asset is noted in the Department's account. Departments, which cannot provide valuations for state-owned lands and buildings controlled/managed by them, append to the Appropriation Account a schedule of these assets.

Equipment, Furniture and Fittings

Acquisitions prior to December 1994 are valued at departmental valuations. Thereafter, acquisitions are valued at cost.

Other assets

The accounting policies in respect of other assets are set out in the Notes to the individual departmental Appropriation Accounts.

(iii) Depreciation *2*

Capital Assets are depreciated on a straight-line basis at the following annual rates over their estimated useful lives:
Furniture and Fittings, and Telecommunications Equipment - 10%.
IT Equipment and Software, Scientific and Laboratory Equipment and other Office Machinery - 20%
Land is not depreciated
Other capital items, including Buildings - as indicated in the Account.

10. Statement of Capital Assets Under Development *1*

This Statement is provided as a note to the Statement of Assets and Liabilities. It shows cash payments on assets being developed within the Department/Office, *eg* software or construction projects, which were not yet recognised as assets at the start of the year of account.

11. Net Liability to the Exchequer *1*

This provides details of the actual position of the Department *vis-à-vis* the Exchequer at year-end, by making adjustments to the Surplus to be Surrendered figure in the Appropriation Account.

12. Commitments *1*

A Commitment is a contractual obligation to pay on delivery for goods or services, which have yet to be supplied at year-end. In the case of grant schemes, a commitment is recognised when the grant is approved but the grantee has yet to fulfill the requirements of the scheme. A global figure for commitments likely to materialise in the subsequent year(s) under (i) procurement and (ii) grant subheads, excluding those under €1,270 is provided by way of note. A separate Note is provided giving details of multi-annual capital commitments over €6,350,000.

13. Superannuation *½*

Superannuation is met on a current basis from Votes 7, 20, 27, 28 and 37 for retired Civil Servants, Gardaí, Teachers, and Army personnel. Provision for superannuation does not appear in the Appropriation Accounts of other Votes.

14. Foreign Currency Transactions *½*

Transactions arising in foreign currencies are translated into Euro at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the year-end rates of exchange.

15. Notes to Accounts - General Principles *1*

In general, details are noted regarding write-offs, nugatory expenditure, *ex-gratia* amounts and extra remuneration of €6,350 or more. There are exceptions to this where a serious issue of principle arises or where the Comptroller and Auditor General or the Department of Finance considers that a Note should be given. Individual notes on Appropriations in Aid, EU Funding, Lottery Funding *etc*. are not provided unless the amount exceeds €6,350 or a significant issue arises. Any variation from the estimate provision, plus or minus, is noted when the variation exceeds €12,700 and where this represents a variation of 5% or more. With delegated administrative budget subheads the applicable percentage limit is 25% or more.

(20)

Question 4

(a) Answer to be written in a report format *1*

Calculation of indicators

Students to be awarded 1 mark for calculation of indicator across all three Associations. Other appropriate indicators calculated should be awarded credit. Maximum marks for calculation of indicators to be set at 3 marks

Performance indicators			
Cost of function - rank	3	2	1
Cost per invoice	€1.43	€1.87	€1.89
Invoices per FTE	22,000	11,350	10,222
% invoices paid within 30 days	60%	88%	93%
Error rate – rank	3	= 1	= 1

Assessment of whether the creditor function offers VFM and recommendations:

Marks for this section to be awarded on the basis of four marks maximum per each of the Es reviewed

Students to be given credit based on their earlier calculations but where students have not used the information provided to calculate indicators and have taken data at face value, only 2 marks to be awarded

Recommendations are explicitly asked for in the question. Where students do not make recommendations based on their assessment, a maximum of two marks to be awarded per section. If students do not make recommendations and have taken data at face value, only 1 mark to be awarded per section

Economy (total cost of function)

BELFRY HA has the most expensive creditor payments function. It also has the highest number of staff but the lowest number of FTEs. Having creditor payments in local offices may not be sustainable. The high level of staff numbers compared with FTEs may mean that management time is apportioned differently, or that we employ more part time workers.

Recommend => review how management time is apportioned to identify how far the staff numbers compared with FTE is due to apportionment of management time or high levels of part time working or if it is due to the devolved nature of the function.

Efficiency (cost per invoice)

BELFRY is the most efficient in that cost per invoice is lowest and invoices per FTE are highest. However we also have a much higher number of invoices processed than other organisations. This could mean that we're not using the most efficient procurement and payment methods (e.g. using standing orders, direct debits or set contract payments). This is supported by the fact that the average invoice is lower – maybe BELFRY is paying lots of low value invoices to suppliers when they could arrange to pay a monthly contract invoice? The high number of invoices per FTE is, however, impacting on quality (see effectiveness).

Recommend => determine if further savings could be made by reducing cost and the number of invoices paid through use of direct debits.

Effectiveness (% of invoices paid within 30 days/error rate)

BELFRY performs worst here out of the three associations. This may indicate that the current structure of devolved creditors does not work well. Do we have too many staff spending too little time on creditor payments duties to be effective? Are we not making adequate use of automated payment systems like direct debits? Does the devolved structure provide inadequate review of work?

Recommend => review whether more use should be made of automated payment methods. Review if hours spent by staff on creditor payments needs to be increased.

Centralising the creditors function?

Current performance against economy and effectiveness targets suggests centralisation of the creditor function may be wise, although the service could provide better value for money through other changes, for example through changing payment methods.

1 mark for recommendation, based on student's assessment to date

Need to collect similar information on debtors function before a decision is made to centralise this service. May need to retain a local office presence for this service to ensure that rents etc are collected efficiently.

1 mark for comment on whether debtor function should be centralised

Limitations to consider

Have costs and staff time been apportioned consistently across the three associations?

Do all associations use the same payment methods (e.g. use of standing orders/ direct debits/ contract payments)?

NB Although the question indicates that one of the associations is city based, considering the nature of the service reviewed, there is unlikely to be a significant impact on the comparability of the organisations.

There is only one year's data – could this be an outlying year for one of the Associations?

Other valid comments to be given credit
1 mark to be awarded for limitations identified to a maximum of 2

(20)

Question 5

(a) Conditions requiring consolidation

Consolidated accounts are required when there is a group relationship between entities as defined in FRS 2 and FRS 9. *2*

FRS 2 defines subsidiary relationships as where the one organisation controls another. *2*

FRS 9 defines an associate relationship, a joint venture and a joint venture that is not an entity. Associates exist where one organisation can operate significant influence over another (20% - 50% of the voting share capital/ votes). Joint ventures exist where there is an equal split of votes across parties. Joint arrangements that are not entities will exist where a formal entity is not created out of joint working arrangements. *2*

(b) The basics of how to do consolidation

FRS 9 requires that consolidation should be divided equally between all involved parties on a line by line basis for each of the income, expenditure, assets and liabilities. *2*

Transactions that take place between group entities need to be removed prior to consolidation as the group accounts need to reflect the position of the group vis à vis the outside world. *2*

Adjustments may be required for accounting policies that are not consistent as the group accounts need to present a consistent reporting position. *1*

Subsidiary companies must prepare accounts to the same accounting year end. *1*

(c) Benefits of producing consolidated statements

The subsidiary companies are entities in their own right, so need to report its financial performance to its stakeholders. This allows the subsidiary's stakeholders to assess its own performance. *1*

As there is a group relationship in place it is important that consolidated accounts are produced to enable stakeholders in the individual group entities to assess both the performance of these organisations individually and as the group as a whole. *1*

Producing organisational and group accounts is important to all parties as it helps to demonstrate the extent to which any cross subsidisation has taken place across the group. *1*

Other valid points made should attract credit

(d) From RAB to WGA

Year	Event
1993	Launch of the RAB initiative
1995	White paper "Better accounting for taxpayers money"
1997	National assets register was produced
1998	Economic and Fiscal Strategy report
1998/99	Departments required to produce their first set of audited accounts
1999	Introduction of WGA
2000	Launched dry run CGA for 2001/02 and 2002/03
2003 /04	CGA produce fully audited accounts
2004	Government announces WGA for public sector 2006/07 adding Local Authorities, NHA, Trusts, Public Corporations etc

1 mark for any of the above to a maximum of 5

(20)

Question 6

(a)

UK/ROI GAAP	Health Sector	Local Authority
Revaluation and Impairment of Fixed Assets		
FRS 15: Valued using market value where possible or at depreciated replacement cost. A loss or gain on revaluation is recorded in the P&L or STRGL depending on the value of the gain or loss FRS 11: Impairment An impairment occurs when the recoverable value or value in use of an asset falls below its carrying value on the balance sheet. Impairment losses are recognised in either the P&L or STRGL.	Revaluation of Buildings is recommended to occur every 5 years. Land, which is deemed by the board to be surplus to requirements, should be revalued on the basis of market value. All other land should be valued for balance sheet purposes at year-end at standard valuation. Any increase on revaluation is included in the capitalisation account. Impairment of Fixed Assets is not incorporated in the Accounting Code of Practice. .	When an asset is included in the balance sheet at current value it should formally be revalued at intervals of not more than five years and the revised amount should be included in the balance sheet. The value at which each category of assets is included in the balance sheet should be reviewed at the end of each reporting period and where there is reason to believe that its value has changed materially in the period, and that the change is likely to be other than temporary, the valuation should be adjusted accordingly. Where a fixed asset is included in the balance sheet at current value the difference between the value and the amount at which that asset was included in the balance sheet immediately prior to the latest valuation should be credited or debited to a fixed asset capitalisation account.
½ mark per valid point to a maximum of 2	*½ mark per valid point to a maximum of 2*	*½ mark per valid point to a maximum 3* .

UK/ROI GAAP	Health Sector	Local Authority
Depreciation and Disposal of Fixed Assets FRS 15: Represents the loss in value an asset as a result of use. Method chosen should reflect the pattern of loss and the annual charge is recognised in the P&L. On disposal of an asset the difference between the NBV of the asset and the proceeds of sale of that asset is known as a profit or loss on disposal. This is recognised in the P&L	Depreciation is regarded as a non-funded expenditure item and is not charged against the I&E account. The depreciation charge is Credited to Fixed Assets and Debited to the capitalisation account. The disposal of the asset is recorded through the capitalisation account. The proceeds of the disposal are held in a "proceeds from disposals account" and held for purchase against future capital assets.	Profit or loss from the disposal of fixed assets should be credited or debited to the usable capital receipts reserve, and accounted for on an accruals basis. Where a fixed asset is disposed of for other than a cash consideration, or payment is deferred, an equivalent asset should be recognised and included in the balance sheet at its fair value (e.g. land swops). Upon disposal, the net book value of the asset disposed of should be written off against the fixed asset capitalisation account. Depreciation should normally be charged as an expense to the cost of operations i.e. Income & Expenditure Statement. Whilst most assets are subject to depreciation the method of financing the assets would result in a neutral impact on the Income & Expenditure Account. Consequently whilst assets are depreciated the charge is not reflected in the Income & Expenditure Statement. Depreciation should be provided for on fixed assets with a finite useful life, which can be determined at the time of acquisition or revaluation.
½ mark per valid point to a maximum of 2	*½ mark per valid point to a maximum of 3*	*½ mark per valid point to a maximum of 3*

Leased Fixed Assets SSAP 21: Fixed assets purchased via a Finance Lease are recognised as Fixed Assets in the Balance Sheet. A creditor for the lease payments due is set up in the balance sheet and recorded under Current Liabilities and Long term liabilities. Each lease payment is divided between the finance charge and capital payment. The Finance Charge is included in the P&L and the Capital charge reduces the lease creditor. *½ mark per valid point to a maximum of 2*	Fixed Assets purchased on leases are recognised as Fixed Assets in the Balance Sheet. The assets are capitalised at fair value using the capitalisation account. The lease creditor is accounted for by recording the fair value of the asset in the capital income and expenditure and recording the lease creditor in the Balance Sheet. The finance charges are recorded as deferred finance charges in the balance sheet and obligations under finance leases in the balance sheet. *½ mark per valid point to a maximum of 2*	Finance leases must be treated like assets funded through borrowing, with repayments charged to the appropriate service in the revenue account, and the asset dealt with as with all other assets acquired. Rental payments under finance leases should be apportioned between the finance charge and the reduction in the outstanding obligation with the finance charge being allocated and charged to revenue over the term of the lease. Any benefits received and receivable by the lessee, as an incentive to sign the lease, should be spread by the lessee on a straight line basis. *½ mark per valid point to a maximum of 3.*
Contingencies and provisions FRS 12: Where it has been ascertained that there is an expected transfer of economic benefits the likelihood of this transfer determines the accounting treatment. Where there is a possible or probable contingent loss, then a provision is made – otherwise the contingent liability is disclosed. Only if a contingent assets is virtually certain is a provision made.	In this context, contingencies refer to conditions that exist at the balance sheet date that depend on the occurrence of one or more future events. A material contingent loss should be disclosed except where the possibility of loss is remote. Contingencies are not included in the compilation of expenditure in the expenditure for the year. Following from that, no provisions are made.	Proper provisions are required for any liabilities, which are likely to be incurred, or certain to be incurred, but uncertain as to the amounts or the dates on which they will arise. The rules covering the creation of provisions are set out in FRS 12. The FRS defines a provision as a liability of uncertain timing or amount. It also distinguishes provisions from other liabilities such as trade creditors and accruals. This is on the basis that for a provision there is uncertainty about the timing or amount of future expenditure. FRS 12 states that a provision should be recognised as a liability in a financial statement when the following three conditions

½ mark per valid point to a maximum of 2	*½ mark per valid point to a maximum of 2*	are met: • An entity has a present obligation as a result of a past event; • It is probable that a transfer of economic benefits will be required to settle the obligation; • A reliable estimate can be made of the obligation. *½ mark per valid point to a maximum of 3*
Post Balance Sheet events FRS 21: Defines both adjusting and non-adjusting events. Adjusting material events after the balance sheet date should be recognised in the Financial Statements. Material non-adjusting events should be disclosed where material. *½ mark per valid point to a maximum of 2*	The Accounting Code of Practice for Health Boards makes no reference to the treatment of post balance sheet events other than it is the responsibility of the CEO/Finance Officer to review post period events. *½ mark per valid point to a maximum of 1*	Where a material post balance sheet event occurs which: (a) provides additional evidence relating to conditions existing at the balance sheet date (i.e. adjusting event), (b) indicates that the application of the going concern concept to a material part of the authority is not appropriate, changes should be made in the amounts to be included in the AFS. The occurrence of a material post balance sheet event which concerns conditions which did not exist at the balance sheet date (i.e. non-adjusting event) should be disclosed. The disclosure should state the nature of the event and, where possible, an estimate of the financial effect of the event. *½ mark per valid point to a maximum of 2*

Subsidiaries and Consolidation FRS 2: The definition of a subsidiary is based on control, not ownership. Consolidation is the process of presenting financial information of parents and subsidiaries as one economic entity to show the group resources, obligations and income generation with its combined resources. The key requirements are that all entities operate the same accounting policies, year end date and that intra-group transactions are excluded from the financial statements.	Where the company is a subsidiary or quasi-subsidiary of the health board the income and expenditure of the company and its assets and liabilities at the year-end should be consolidated into the main accounts of the health board. Where a company is neither a subsidiary nor a quasi-subsidiary of the health board, GAAP should apply in determining how the results of the company should be reflected in the Health Board's AFS.	Where the entity is a subsidiary or a quasi-subsidiary of the local authority (as defined in Appendix B) the income and expenditure of the entity and its assets and liabilities at the year end should be included in the main accounts of the local authority. As a general rule the results for the year should appear in the accounts where the related activity would have appeared had a separate company not been set up. Where the entity is a subsidiary company, as defined in the Companies Acts, the local authority shall ensure that an annual audit of the Company's accounts is performed by a registered auditor. An audit certificate will also be required in respect of joint ventures and partnerships. Where the entity is a subsidiary of the local authority the certificate signed in the AFS will cover the results of the entity. The local authority will have to satisfy itself as to the completeness and accuracy of the financial statements of the entity.
½ mark per valid point to a maximum of 2	*½ mark per valid point to a maximum of 2*	*½ mark per valid point to a maximum of 3*

(20)