

# AUDIT OF 2016-2017 FINANCIAL STATEMENTS - NIAO REPORT TO THOSE CHARGED WITH GOVERNANCE

## 1. Management Accounts

Recommendation	Priority Level	Management Response	Position as at March 2018
The Council should produce detailed management accounts, inclusive of formal explanations for variances, for the SMT and Council members on a regular and timely manner.	1	Agreed - More detail around variances, etc will be included with future management accounts. With regards budget setting a set of Financial Regulations has been produced within which budget setting is included.	<b>More detailed management accounts being produced P9 2017/18 issued Feb 2018</b>

## 2. Debtors

Recommendation	Priority Level	Management Response	Position as at March 2018
<p>In line with the Council's bad debt policy bad debts to be written off should be appropriately approved.</p> <p>Further Council should:-</p> <ul style="list-style-type: none"> <li>review its current debt collection procedures including agreeing areas where these can be strengthened.</li> </ul>	1	Agreed - Process to appoint staff including a Credit Controller to take place asap.	<b>Currently in progress</b>

## ITEM 5.2

Recommendation	Priority Level	Management Response	Position as at March 2018
<ul style="list-style-type: none"> <li>• ensure a full review of the Aged Debtors Report is undertaken including checking that all debts are accurately aged. As needed where there is doubt as to recovery of individual debts, then these should be added to the bad debts provision.</li>   <li>• Review its debtor cut off procedures to ensure that current cut off weaknesses are addressed</li> </ul>			

### 3. Bank – Savings Account / General Revenue Account

Recommendation	Priority Level	Management Response	Position as at March 2018
<p>Council should ensure that it has the legal authority to administer a staff savings account, especially since currently not open to all staff. Further Council should evaluate whether given the risk of loss and also the administrative burden whether it still wants to operate this scheme.</p> <p>Council should continue with its improved bank reconciliation process and also consider whether cheques over 6 months old should be written off.</p>	<p>1 re savings account</p> <p>3 re other bank accounts</p>	<p>Agreed - Savings Scheme closure has been communicated to staff effected in October 2017 with a view to closure at end of 2017.</p>	<p><b>Savings scheme has been shut down</b></p>

#### 4. Declarations of Interest

Recommendation	Priority Level	Management Response	Position as at March 2018
The Council should ensure that declaration of interests are received from each Council member in time for the accounts closure.	2	Declarations of Interest are updated on an annual basis, and regular reminders are issued. Currently there are 6 outstanding updates, which are being processed, with the last reminder issued 7 <sup>th</sup> September. A proposal will be suggested to Audit Committee (December 2017), that an update is reported on a quarterly basis, commencing March 2018.	<b>To be implemented March 2018</b> <b>6 Members have yet to update a return for 2017.</b>

#### 5. IT

Recommendation	Priority Level	Management Response	Position as at March 2018
The Council should ensure that IT controls are strengthened and that an IT policy is put in place as soon as possible.	2	Accepted - Staff appointment will be completed by November 2017, allowing focus to shift to strategic ICT priorities.	<b>To be implemented March 2018</b>

## ITEM 5.2

### 6. Income

Recommendation	Priority Level	Management Response	Position as at March 2018
<p>The Council should ensure that lodgements are made in a timely manner and also consider using a cash collection service to avoid staff lodging large sums of cash.</p> <p>Updated cash handling procedures should be issued to each outstation.</p> <p>The Finance department should send a weekly report to Building Control Admin to detail which monies have been received so the Tascomi system can be updated efficiently and thereby outstanding debts are clearly identifiable for follow up.</p> <p>Lodgement cover sheets should be prepared to clearly state who has prepared and checked the lodgement and also reconcile to the report of payments received.</p>	2	<p>Accepted – Cash in transit contract to be reviewed therefore additional locations may be added. Cash handling procedures to be updated as part of our finance procedure manual. Council currently progressing Tascomi building control interface with Total mobile which would alleviate many of the building control issues.</p>	<p><b>Cash in transit tender currently being drawn up</b></p>

### 7. Credit Card Expenditure

Recommendation	Priority Level	Management Response	Position as at March 2018
<p>Expenditure should be accompanied by a credit card approval voucher. This would represent good practice as it signifies approval by the head of department, certification by the finance officer</p>	2	<p>Agreed – Control now in place.</p>	<p><b>Implemented October 2017</b></p>

## ITEM 5.2

Recommendation	Priority Level	Management Response	Position as at March 2018
and provides account codes to ensure expenditure is appropriately coded. It is recommended that these vouchers are attached to all statements going forward.			

### 8. Leases

Recommendation	Priority Level	Management Response	Position as at March 2018
The Council should introduce a system to highlight rent and leases due for renewal.  Council should ensure that it has a signed agreement in place for each of its leases	2	Council has established a Land and Property Sub-Committee, which reports to Corporate Policy & Resources. Work is progressing in terms of development policies and procedures in this area, including the appointment of a land and property officer in January 2018. This is an area of work which will be addressed as a priority.	<b>To be implemented by June 2018</b>  Land and Property Officer appointed 12 <sup>th</sup> February 2018

### 9. Heritage Assets not reflected in the accounts

Recommendation	Priority Level	Management Response	Position as at March 2018
The Council should ensure that these items are listed as soon as possible and insurance values obtained as necessary.	2	Accepted – A complete review of heritage inventory in conjunction with adoption of Capitalisation Policy for items with	<b>To be implemented March 2018</b>

## ITEM 5.2

Recommendation	Priority Level	Management Response	Position as at March 2018
		a value of £10k or greater to be completed by March 2018, including revision of insurance covers.	

### 10. Journals Authorisation and Audit Trail

Recommendation	Priority Level	Management Response	Position as at March 2018
<p>As a control over the visibility of the completeness of journals, Council should ensure that all journals are both numbered and filed consecutively.</p> <p>The Council should further ensure that all journals are prepared by one member of staff, approved for posting by a senior member of finance and then posted by another member of staff.</p>	2	Agreed – Journal numbering to be formalised and procedure established/updated.	<b>Implemented</b>

### 11. Expenditure

Recommendation	Priority Level	Management Response	Position as at March 2018
The Council should review its expenditure controls to ensure that they operate as designed including the attachment of appropriate audit evidence to the invoices.	2	Agreed – Procurement Policy under review, will carry out a refresh with implementation of new policy.	<b>To be implemented March/Apr2018</b>

## 12. Agency Staff

Recommendation	Priority Level	Management Response	Position as at March 2018
<p>Council should endeavour to address their organisational structure issues as a matter of urgency to ensure that normal recruitment practices can commence.</p>	<p>2</p>	<p>Council are progressing with implementing the organization structure as agreed by Council and significant progress has been made. Legacy Councils were mindful of the LGR process, in terms of making permanent appointments, which accounts for a number of posts currently being filled by agency staff. In order to ensure complete delivery, agency staff will remain until structures are populated and at the same time service reviews completed.</p>	<p><b>Ongoing</b> – Process will be kept under review until the organisation structure is populated and service reviews complete. It is anticipated that the need for agency staff will reduce significantly on completion of both of these processes.</p> <p>Detailed Monthly reports are currently being circulated to Directors, Heads of Service and Managers, detailing use and cost of Agency Staff, to assist in those responsible for managing their requirements</p>

## ITEM 5.2

**13. Procurement**

Recommendation	Priority Level	Management Response	Position as at March 2018
<p>The Council should ensure that they procure services in line with guidance.</p> <p>The Council should issue guidance on the use of single tender actions and keep an up to date list of any single tender actions awarded.</p> <p>The Council should ensure that it applies the lessons learnt from the weaknesses in the management of this contract.</p>	2	Accepted the Council's Procurement Policy and Procedures to be revised and reissued by March 2018 to include guidance on single tender actions.	<b>To be implemented March/Apr 2018</b>

**14. Carryover Annual Leave**

Recommendation	Priority Level	Management Response	Position as at March 2018
The Council should ensure that all annual leave carried over till the next year is appropriately approved.	3	Accepted	<b>To be implemented March 2018</b>