
Dawlish Town Council

Internal Audit Report: Final update 2017-18

Stuart J Pollard

Auditing Solutions Ltd

Background

Statute requires all town and parish councils to arrange for an independent internal audit examination of their accounting records and system of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR). This report records detail of the work undertaken at our interim visit to the Council for the year, which took place on 7th November 2017: it has been further updated following receipt of appropriate information and documentation allowing us to complete the necessary additional work off site, due to my current physical incapacity following full hip replacement surgery after a fall.

Internal Audit Approach

In undertaking our review for 2017-18, we have again had regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover, as applied to all clients, is designed to afford appropriate assurance that the Council's financial systems are robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Internal Audit Report' in the Council's AGAR, which requires independent assurance over ten internal control objectives.

Overall Conclusion

Detail of the work undertaken this year is set out in the following detailed report, together with any issues arising. We have also reviewed the progress made to address issues highlighted in our 2016-17 and 2017-18 interim reports and are pleased to note the positive actions taken in several areas. Where action remains to be taken, we have reiterated the recommendations in order that they are not overlooked.

The Council has evidently been through a very turbulent time in the last twelve months with several staff changes including the retirement of the Clerk. We note the current migration of the accounting function to a more user-friendly software package designed specifically for this level of local government and believe it will greatly assist the Council in future years in completing the year-end closedown and AGAR preparation process, together with significantly reducing the costs of employing an external accounting contractor.

On the basis of the generally satisfactory conclusions drawn from our review programme this year, we have signed-off the Internal Audit Report in the AGAR assigning positive assurances in each relevant area apart from that relating to risk management where the Council had not reviewed and re-adopted formally its risk register during the course of the financial year: consequently, we have had to assign a negative response at Box C of our report and the Council will similarly need to assign a negative response in Section 1, Box 5 of the year's AGAR.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in the cashbooks and financial ledgers prepared on behalf of the Council by a local firm of accountants. We note that Sage accounting software has again been used to record transactions for 2017-18 with four bank accounts in use, three with NatWest and one with Lloyds, each being recorded in a separate nominal account in the Sage financial ledger. A further cashbook is in use in the ledger to record petty cash account transactions.

We are pleased to note Council's approval for acquisition of the RBS Omega accounting software, which, we understand, has now been set up with data recording to be brought back in-house. We believe that not only will this achieve financial savings over future years, but also result in a more robust system of account recording and reporting, with budget reports and year-end AGAR data readily available from the software for presentation to members by pressing a few keys.

To assess the adequacy, accuracy and appropriateness of transactions for 2017-18, we have:

- Agreed the opening cashbook balances for the year with that in the 2016-17 certified AGAR;
- Ensured that the accounts remain "in balance" at the financial year-end;
- Examined and verified April and September 2017, plus February and March 2018 transactions on the Lloyds bank account, by reference to supporting bank statements;
- Given their relatively low volume, verified detail of all account transactions on the remaining three NatWest bank accounts including verifying detail of inter account transfers between the Current and Business Reserve accounts for the financial year to 30th September 2017, plus February and March 2018;
- Verified the accuracy of bank reconciliations on each account as at 30th April and September 2017, plus 31st March 2018; and
- Ensured the accurate disclosure of the combined year-end cash and bank account balances in the AGAR at Section 2, Box 8.

Conclusions and recommendations

We are again pleased to note that, following our previous recommendation, bank reconciliations are prepared and presented to members routinely in line with the requirements of the NALC model Financial Regulations and Governance and Accountability Manual (G&AM).

We note that the Council is receiving minimal interest income on its existing bank accounts and consider that an improved return could and would be achieved were part of the funds placed in periodic treasury term deposits or funds such as the CCLA Deposit fund, all of which would pay a higher interest rate than is being achieved currently.

In examining the 30th September 2017 Lloyds bank reconciliation at our interim visit, we noted that a number of cheques drawn earlier in the financial year remained uncleared with one dating back to January 2017. Examination of the year-end Lloyds reconciliation indicates that no action has been taken to clear these items with 12 cheques remaining uncleared totalling £2,036.41, all of which date from before 30th September 2017.

- R1. *The Council should consider seeking alternative “investment” opportunities for surplus funds to achieve a better rate of interest return than is being received currently. **This under consideration currently.***
- R2. *The payees of all long-standing cheques (i.e. those drawn three or more months ago) that remain uncleared at the bank should be pursued to determine whether they still hold the cheque and intend to bank it or require a replacement. In view of their age, the 12 cheques remaining uncleared as at 31st March 2018 should be written back as “negative payments” with the opening cashbook balance in the RBS accounting software adjusted accordingly. **This has been resolved with the completed implementation of the RBS Omega Software and will be monitored routinely in future.***

Review of Corporate Governance

Our objective here is to ensure that the Council has a robust regulatory framework in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders and that, as far as we are reasonably able to ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation. We also aim to ensure that appropriate policies, procedures and protocols are in place to prevent and provide a reasonable assurance of the detection of any fraudulent or corrupt activity.

We have continued our review of the Council’s minutes examining those for the financial year and to date in 2018-19 as posted on the Council’s website to determine whether any issues exist that may have an adverse effect, through litigation or other causes, on the Council’s future financial stability and are pleased to record that no such concerns exist currently.

We have recorded previously that the Council’s Standing Orders (SOs) and Financial Regulations (FRs) were both subjected to review and re-adoption in February 2017 and were pleased to note at our interim visit that they reflected the impact of the change in EU legislation affecting procurement applying from April 2015 that requires all government bodies, including town and parish councils, to formally advertise any contracts with a total value in excess of £25,000 in the Government’s Contract Finder website. We draw the Clerk and members attention to the very recent issue by NALC of an updated set of model SOs, which includes updated guidance on GDPR issues. We commend the document as a sound basis for the Council to use as and when it next reviews its own extant SOs.

We note that, following the former clerk’s success in achieving her CiPFA qualification, the Council met the qualifying requirements to adopt the General Power of Competence (GPoC), which was duly re-adopted at the May 2017 full Council meeting. Subsequently, we note that the current clerk has still to complete and complete his CiLCA studies and that the Council no longer meets the qualifying requirements for use of the GPoC: consequently, as and when grant applications are being considered, the Council will need to ensure that it considers whether it has the necessary powers to approve the grants, with the minutes formally identifying that consideration and detail of the powers being applied to the approval.

Conclusions and recommendation

We are pleased to record that no significant issues of concern arise in this review area, although, as indicated above, members should ensure that they have appropriate powers to approve the payment of grants and donations. We shall continue to review minutes at future visits, also reviewing the Council’s approach to governance.

R3. Until such time as the Council meets the qualifying criteria for applying the General Power of Competence when approving grant and donation payments, the specific powers being relied on when making such approvals should be considered and minuted formally in the approving minute(s).

Review of Expenditure

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The correct expense codes have been applied to invoices when processed; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We re-examined the process for the approval of payments and their release at our interim visit noting that no move to use internet banking facilities had been put in place to that date. To confirm the effectiveness of the control and governance arrangements over payments, we selected a sample of individual payments processed in the year to 30th September 2017: our test sample includes all payments over £1,500, together with every 40th payment as recorded in the Sage Lloyds and NatWest cashbooks and totals £197,000. We are also very pleased to acknowledge the significant improvement in the manner in which invoices are now being filed. We would have normally examined an extended sample at our final review visit, but due to my current incapacity, have not done so: However, given the generally satisfactory conclusions drawn from the sample examined at our interim visit, no further testing will be undertaken in this area for 2017-18.

We note that, following our previous recommendation, a suitably designed certification stamp has been acquired and is being affixed to all invoices, also noting that, at the start of the current financial year, most invoices were not "signed-off" by the cheque signing members: we are pleased to note that in more recent months, all invoices are being signed-off appropriately.

In examining our test sample, we noted that all payments since August, and a few prior to that date, did not identify the relevant account code. We understand from discussion with the RFO that the coding had been left to the external accountants also noting that this had apparently resulted in a number of anomalous codings, which resulted in incorrect budget performance detail being available for reporting to members. It is essential that the Council takes ownership of the coding, recording detail appropriately in advance of posting data to the new RBS accounting software ensuring that the correct account codes are applied and transactions posted appropriately.

We again note that VAT reclaims are prepared and submitted by the external accountants, generally quarterly. We have not undertaken any work in relation to VAT at our interim visit or subsequently, other than noting that the Council commissioned an external contractor to review and resolve the dispute with HMRC over recoverable expenses in relation to the Manor House, also noting Council's intention to register and "opt to tax" the venue as soon as practicable. We note the

subsequent decision to “opt to tax” and will examine this area further at our next interim review visit.

We noted in our 2016-17 final report that the value of the 2016-17 year-end VAT reclaim (£5,754.80) differed significantly to the year-end reclaimable VAT balance recorded in Sage and the year-end Accounts (£25,226.42). Whilst this may have been the result of that and / or prior reclaims remaining unpaid at that financial year-end, we have not had an opportunity to discuss this variance with the accountants and urged officers to do so to ensure that all recoverable VAT was duly identified and reclaimed. As above, we shall examine this area in greater detail at our next visit, again noting that the 2017-18 year-end balance exceeds £23,000.

Conclusions and recommendations

We are pleased to acknowledge the actions taken to address a number of issues highlighted in our previous reports: however, a few residual / additional matters have been identified this year that require action to further strengthen controls and ensure that expenditure is allocated to the correct nominal expense code.

As indicated above, we shall undertake further detailed work in this area at our next interim visit also examining the 2017-18 VAT reclaims ensuring appropriate clearance of the apparent imbalance identified at the 2016-17 year-end review.

- R4. All invoices should be coded by Council officers prior to submission to the external accountants / data entry to the Omega accounting system to ensure that expenditure is accurately recorded and reported to members. The Council now uses RBS Omega software; inputting is now actioned by the RFO directly into the system.***
- R5. The apparent imbalance between the final 2016-17 quarter’s reclaim and the Sage accounts for the year and value of reclaimable VAT should be examined, explained and, if necessary, relevant adjustments be made to the Sage accounting software (a significant recoverable balance (in excess £23,000) remains as at 31st March 2018.***

Assessment and Management of Risk

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks to minimise the opportunity for their coming to fruition.

We examined the Council’s 2017-18 insurance policy schedule with Aviva at our interim review ensuring that appropriate cover was in place, noting that Employer’s and Public Liability both stood at £10 million, together with Fidelity Guarantee (FG) cover at £742,000 and Business Interruption – Loss of Revenue cover at £70,000, all of which we consider appropriate for the Council’s present requirements.

We are pleased to note that an appropriate risk register is in place, which was reviewed and re-adopted formally by the Council in February 2017. We examined the content of the register at our final visit for 2016-17 and, whilst we considered it generally appropriate, we noted that it afforded no indication of the Council’s approach to succession management in the event of any long-term absence of key personnel or their sudden resignation.

Additionally, we drew the Council and Town Clerk's attention to software specifically designed for this tier of Local Government, namely the "LCRS – Local Council Risk System" developed by a company in Scotland (DMH Solutions). The software is sold in disc format on the internet at a cost of approximately £110 plus VAT and is used by several of our clients: it includes detail of some 500 potential individual risks which are scored for the potential likelihood of their coming to fruition and also for the potential financial and / or political impact should they arise. Where risks are scored as medium to high an Action Plan is generated: we consider that another major benefit of the software is that, for each potential risk area, reference to any relevant legislation is identified, plus it also generates Action Plans for any risks assessed as Medium to High together with routine Health / Safety and Insurance checklists.

Conclusions and recommendations

We note that the Council has now acquired the LCRS software which will be implemented during 2018-19, noting that no formal review or re-adoption of financial or other related risk assessments was undertaken during 2017-18. The Governance and Accountability Manual (G&AM) requires all councils to undertake a formal review of its risk registers annually, with the resultant documentation formally adopted at least once during each financial year.

Whilst we acknowledge the staffing difficulties encountered during 2017-18, in the absence of any formal action to formally review and re-adopt its risk registers during 2017-8, we are obliged to give a negative response in that area of our report in the year's AGAR: similarly, the Council will need to give a negative response in Section 1, Box 5 of the year's AGAR.

- R6. *The Council must ensure that it complies with the requirements of the G&AM formally reviewing and re-adopting its risk registers at least once annually in each financial year. The absence of such action during 2017-18 will necessitate the Council assigning a negative response to Section 1, Box 5 of the year's AGAR.*
- R7. *The Council should ensure that appropriate planning occurs to ensure effective succession management arrangements are in place in the event that key personnel are absent for any protracted period or resign suddenly. **The Council has access to a number of temporary staff agencies to cover this potential event.***
- R8. *Consideration should also be given to the acquisition of the LCRS software to further strengthen existing risk management arrangements and documentation. **We are pleased to note acquisition of the LCRS software.***

Budgetary Control & Reserves

We aim in this area to ensure that the Council has sound procedures in place for determining its annual budgetary and precept requirements, together with sound monitoring procedures to highlight any potential overspending as soon as it becomes apparent.

We are pleased to note that following due deliberation, the Council has approved and adopted the budget and precept for 2018-19 setting the latter at £426,440 together with Council Tax Support Grant of £48,530 at the January 2018 Council meeting.

Whilst we note that members receive regular budget performance reports, we have at our interim visit, as indicated above noted a few concerns with the accuracy of the coding of expenses incurred during the current financial year. Further anomalies have been identified at the year-end, as detailed

in the final section of this report which have resulted in additional time to resolve them for both ourselves and the contract accountants.

We have again considered the appropriateness of the level of retained reserves to meet the Council's ongoing revenue spending requirements and future development aspirations. Funds totalling £648,600, including earmarked funds, are in place at the financial year-end. which appears more than adequate to finance the Council's ongoing revenue spending.

Conclusions

No specific concerns have been identified in this area currently, apart from doubts over the accuracy of expenditure coding.

Review of Income

The Council receives income primarily by way of the annual precept and Support Grant, together with office rentals and hire fees at the Manor House and other relatively limited sources. We have examined the procedures and controls in place over the hire of rooms at the Manor House selecting a sample week's hires in early September 2017, noting that the latter are managed through the RBS Bookings software. We have ensured that all such hires have been invoiced appropriately in accordance with the Council's approved scale of fees and charges. We are also pleased to record that appropriate hire agreement forms are in place for casual bookings, although those for regular hirers have not been renewed recently.

We have also examined the current status of outstanding debts as recorded in the RBS software noting the existence of a number dating back as far as March 2015. The plethora of staff changes and sickness over the past year or so has obviously contributed to delays in pursuing these long-standing debts: we discussed the position with the RFO at our interim visit receiving assurance that, once the staffing position had stabilised, these would be pursued vigorously. We also wish to thank the RFO for the amount of preparatory work she undertook in advance of our visit to print off copy invoices and, where available, copies of signed booking forms.

Due to our unfortunate unavailability to visit the Council we have not re-examined the position at this stage, but will revisit it at our next interim review.

Conclusions and recommendations

As indicated above, there are a few areas where we consider further action is necessary to improve controls over the recovery of income in relation to hall hire and to also protect the Council's interests in the event of any damage occurring to the premises during a hiring.

*R9. Once the staffing position has reached a degree of stability, positive action should be taken to pursue all long-standing unpaid debts: in the longer term, an appropriate procedure should be put in place for the issue of regular reminders at monthly intervals to unpaid debtors culminating in the threat of legal action if debts remain unpaid. **Statements are sent to chase outstanding balances monthly.***

*R10. Officers should ensure that an appropriately signed hire agreement form is obtained for all bookings with those for regular hirers updated and signed at least once annually. **This is now in place.***

Petty Cash Account

We are required, as part of the AGAR Internal Audit Report, to review and verify the soundness of controls over the operation of the Council's petty cash account. Consequently, we examine a sample of transactions on the account ensuring that: -

- each payment is supported by an appropriate trade invoice or till receipt; and
- any VAT incurred is identified and coded to the VAT control account for subsequent recovery.

A separate nominal account code is maintained in the Sage accounting software, together with a spreadsheet record of transactions. The account is operated on an "imprest" basis with a float of £100 topped-up periodically as and when required: no top-ups have been required to date in 2017-18, although a top-up will be required imminently as the balance is now virtually erased.

We have checked detail of all payments processed and recorded on the spreadsheet records for the current year to the date of our interim visit agreeing them to the underlying till receipts. Whilst there is only limited expenditure attracting VAT in the year, we noted one or two cases where recoverable VAT had been incurred. In order to ensure it is identified for recovery from HMRC, we have suggested to the RFO that the spreadsheet record be expanded to provide for the identification of any such VAT to ensure appropriate coding and recovery from HMRC.

We have checked and agreed the physical cash holding against the spreadsheet record (£0.97), which, as above, indicates a fairly urgent need to replenish the petty cash holding.

Examination of the Sage nominal account (Code 1209) indicates that, as no replenishment has taken place in 2017-18, no entries have been made in the financial ledger in the current year.

Conclusions

We do not consider any formal recommendation to be required in this area this year, but suggest that, whilst the transaction amounts involved in this account are small, consideration should be given to the more frequent top-up of the account and, as indicated above, identification of any recoverable VAT in the spreadsheet record.

Review of Staff Salaries

In examining the Council's payroll function, we aim to confirm that salary payments are in line with the Council approved pay rates and that extant legislation is being appropriately observed as regards adherence to the requirements of HMRC legislation in relation to the deduction and payment over of income tax and NI contributions. The Council uses the services of Teignbridge DC (TDC) to process the monthly payroll for its six permanent members of staff (plus a locum clerk in October 2017): we have reviewed the monthly gross salary paid to each in October 2017 by reference to the individuals' payslips ensuring that detail corresponds to the Council agreed salary rates.

We also reviewed the tax, National Insurance (NI) and pension deductions, where applicable, processed on that month's payslips agreeing detail to the extant tax and NI tables, together with ensuring that the appropriate pension contribution percentages are being applied. We noted the existence of an anomaly with the gross payments made to the clerk (who had just retired) in the financial year of which the RFO was aware and was resolving with TDC.

Where staff are also paid overtime and travel expenses, we examined the enhanced hours and mileage paid in October 2017, by reference to supporting staff time sheets and travel claims. In examining the detail, we noted that, despite the documentation provided to TDC by the RFO, clearly indicating that the mileage should be paid at 45 pence per mile, payments have been made as the actual miles recorded rather than be calculated at the appropriate mileage rate of 45 pence per mile. Following our identification of this error, the RFO has examined previous months records confirming that this error has continued for some months resulting in overpayments to all staff involved in reclaiming for mileage undertaken on behalf of the Council.

Conclusions and recommendation

The apparent under-payment of salary to the clerk in the current year (and possibly the previous year) should be resolved as quickly as possible with TDC: similarly, the exact extent of overpaid mileage allowances should be determined and recovered from staff in due course.

*R11. Appropriate action should be taken to ensure that the known / identified anomalies in certain staff pay are resolved promptly with appropriate adjustments to pay corrected on a future month's pay run: regarding the former clerk, any confirmed underpayments should be settled as soon as possible. **This has now been resolved.***

Fixed Asset Register

The G&AM requires all councils to maintain a record of all assets owned. We were pleased to note previously the existence and maintenance of an appropriate register, with detail of the Council's asset stock duly recorded.

We also noted that several of the assets recorded in the register were not included on the Council's insurance schedule and considered that, in certain instances, such as street furniture, consideration should be given to including the items on the Councils' insurance schedule.

We discussed the position in relation to the above with the RFO at our interim visit and understand that the Council had requested a review of the Council's insurance cover to establish whether any cost savings were achievable by changing provider. Due to the ongoing staffing situation at the Council, the RFO had not had a chance to pursue this and, consequently, we suggested that once the staffing position was resolved and stabilised, further consideration be given to determining which assets should be covered by the insurance policy and which, if any, the Council wishes to self-insure.

The asset register, as originally provided to us for our final review, gave no indication of update to reflect new additions or any disposals in the year: following referring the document back to the clerk for update, we are satisfied that it reflects, as far as we can reasonably establish, having not examined the physical assets to ensure their existence, the true position with an updated (from 2016-17) asset value assigned in the AGAR Section 2, Box 9.

Conclusions and recommendation

Whilst no significant issues exist in this area, we reiterate our previous recommendation with regard to ensuring that appropriate insurance cover is in place for the Council's assets.

R12. The Council should reassess its insurance cover in relation to various fixed assets, either adding them to the insurance schedule or taking a formal decision to “self-insure” them. This is now in progress.

Investments and Loans

The Council holds no funds in specific investments, surplus moneys being held in the two NatWest deposit bank accounts, with transaction detail for the year to date verified as previously referenced in this report.

A single loan received from PWLB remains in place with repayments made at half-yearly intervals. We have, as part of our above Expenditure review test sample, examined the first repayment made in 2017-18 by reference to the PWLB repayment demand. We have now, as part of our final review, verified the accurate disclosure of the residual loan liability at the year-end by reference to the PWLB website, which includes detail of all outstanding council loan liabilities as at 31st Marc

Conclusions

We have noted in a previous section of this report that the Council’s funds totalling in excess of £250,000 throughout the year to date are held at two banks: whilst the amount recoverable through the Government’s Compensation Scheme, should a bank fail, has been raised to £85,000, the Council needs to take appropriate action to diversify the placement of surplus funds to minimise the risk of loss in the, albeit unlikely, event that either Natwest or Lloyds should fail.

Statement of Accounts and AGAR

The Council has again used the services of external contract accountants to maintain its financial records and undertake the year-end closedown and production of a detailed Statement of Accounts and detail for inclusion at Section 2 of the year’s AGAR.

We have, consequently, endeavoured to verify the accuracy of the detailed Statement of Accounts by reference to the closing Sage Trial Balance noting a few anomalies in the detail disclosed in the Balance Sheet and Income / Expenditure Account with detail to be reported in the AGAR Section 2 not reconciling / balancing (Boxes 7 & 8 refer), which we referred back to officers and the contract accountants. Following protracted exchanges of e-mails and telephone conversations, we identified that these result from the direct charging of expenditure to Balance Sheet earmarked reserve fund codes resulting in the understatement of expenditure on the Income and Expenditure Account. The correct treatment where expenditure is funded from earmarked reserve is to code the cost direct to an expense code with a subsequent journal transferring reserve funds to the General Reserve.

We have subsequently received appropriate explanations and amended records of values in the detailed Accounts and AGAR Section 2.

Conclusions

No residual issues arise in this area, following the processing of appropriate adjustments to the Accounts detail as initially provided for our examination. We are, as indicated previously, pleased to note the migration to the RBS Omega software, which we are confident will provide the Council with a more robust financial recording and reporting regime, which can be managed in house with potential significant cost savings.

Rec. No	Recommendation	Response
Review of Accounting Arrangements and Bank Reconciliations		
R1	The Council should consider seeking alternative “investment” opportunities for surplus funds to achieve a better rate of interest return than is being received currently.	<i>Pending</i>
R2	The payees of all long-standing cheques (i.e. those drawn three or more months ago) that remain uncleared at the bank should be pursued to determine whether they still hold the cheque and intend to bank it or require a replacement. In view of their age, the 12 cheques remaining uncleared as at 31 st March 2018 should be written back as “negative payments” with the opening cashbook balance in the RBS accounting software adjusted accordingly.	<i>This has been resolved with the completed implementation of the RBS Omega Software and will be monitored routinely in future.</i>
Review of Corporate Governance		
R3	Until such time as the Council meets the qualifying criteria for applying the General Power of Competence when approving grant and donation payments, the specific powers being relied on when making such approvals should be considered and minuted formally in the approving minute(s).	
Review of Expenditure		
R4	All invoices should be coded by Council officers prior to submission to the external accountants / data entry to the Omega accounting system to ensure that expenditure is accurately recorded and reported to members.	<i>The Council now uses RBS Omega software; inputting is now actioned by the RFO directly into the system.</i>
R5	The apparent imbalance between the final 2016-17 quarter’s reclaim and the Sage accounts for the year and value of reclaimable VAT should be examined, explained and, if necessary, relevant adjustments be made to the Sage accounting software (a significant recoverable balance (in excess £23,000) remains as at 31 st March 2018.	<i>Pending</i>
Assessment and Management of Risk		
R6	The Council must ensure that it complies with the requirements of the G&AM formally reviewing and re-adopting its risk registers at least once annually in each financial year. The absence of such action during 2017-18 will necessitate the Council assigning a negative response to Section 1, Box 5 of the year’s AGAR.	
R7	The Council should ensure that appropriate planning occurs to ensure effective succession management arrangements are in place in the event that key personnel are absent for any protracted period or resign suddenly.	<i>The Council has access to a number of temporary staff agencies to cover this potential event.</i>
R8	Consideration should also be given to the acquisition of the LCRS software to further strengthen existing risk management arrangements and documentation.	<i>This has now been purchased.</i>

Rec. No	Recommendation	Response
Review of Income		
R9	Once the staffing position has reached a degree of stability, positive action should be taken to pursue all long-standing unpaid debts: in the longer term, an appropriate procedure should be put in place for the issue of regular reminders at monthly intervals to unpaid debtors culminating in the threat of legal action if debts remain unpaid.	<i>Statements are sent to chase outstanding balances monthly.</i>
R10	Officers should ensure that an appropriately signed hire agreement form is obtained for all bookings with those for regular hirers updated and signed at least once annually.	<i>This is now in place.</i>
Review of Staff Salaries		
R11	Appropriate action should be taken to ensure that the known /identified anomalies in certain staff pay are resolved promptly with appropriate adjustments to pay corrected on a future month's pay run: regarding the former clerk, any confirmed underpayments should be settled as soon as possible.	<i>This has now been resolved.</i>
Fixed Asset Register		
R12	The Council should reassess its insurance cover in relation to various fixed assets, either adding them to the insurance schedule or taking a formal decision to "self-insure" them.	<i>This is now in progress.</i>