

## AUDIT OF 2015-2016 FINANCIAL STATEMENTS - NIAO REPORT TO THOSE CHARGED WITH GOVERNANCE

### 1. Bank

Recommendation	Priority Level	Management Response	Position as at March 2018
<p>The Council should ensure that bank reconciliations are completed on a timely basis and evidenced as reviewed by the financial accountant. Any differences should be promptly investigated and reconciled.</p> <p>The Council should ensure that all bank accounts are included within the financial statements at year end.</p>	1	Accepted – work is currently ongoing regarding the completion of monthly bank recs and it is anticipated these will be up to date by December 2016.	<b>Issue Addressed</b>

### 2. Management Accounts

Recommendation	Priority Level	Management Response	Position as at March 2018
<p>The Council should ensure that bank reconciliations are completed on a timely basis and evidenced as reviewed by the financial accountant. Any differences should be promptly investigated and reconciled.</p> <p>The Council should ensure that all bank accounts are included within the financial statements at year end.</p>	1	Accepted – work is currently ongoing regarding the completion of monthly bank recs and it is anticipated these will be up to date by December 2016.	<b>Issue being Addressed</b> – P10 issued to management March 2018.

### 3. VAT Return

Recommendation	Priority Level	Management Response	Position as at March 2018
<p>Council should complete their VAT returns in a timely manner and implement any system changes as needed to ensure VAT returns can be finalised within the specified time scales for submission.</p>	1	<p>Accepted - The VAT returns could not be submitted due to uncertainty around the accuracy of output vat. The first VAT return has been submitted but was subject to a review by HMRC, this review has now been completed and the funds paid to Council, subsequent returns being submitted late October/early November 2016</p>	<p><b>Issue Addressed</b></p>

### 4. Income Controls

Recommendation	Priority Level	Management Response	Position as at March 2018
<p>The Council should examine all income collection and debtor procedures to ensure they are adequate and that sufficient control is being exercised.</p>	2	<p>Accepted – Staff are currently following their legacy council income procedures. It is anticipated that CCAG procedures will be compiled during the Autumn.</p> <p>Target for Implementation December/January</p>	<p><b>Issue being Addressed</b> - Initial set of CCAG procedures issued November 2016. These are continuously being reviewed, expanded and developed until a finalised detailed procedure manual can be drawn up.</p>

## 5. High Level Monitoring controls over the completeness of income at Outstations

Recommendation	Priority Level	Management Response	Position as at March 2018
We recommend that Council consider implementing reasonableness monitoring checks as one of its controls to ensure that income appears complete.	2	Partially accepted – during the estimates process estimated income levels are checked and compared to actuals  Target for Implementation 2017/18 Rates setting process	<b>Issue Addressed</b>

## 6. Duplicate Payments

Recommendation	Priority Level	Management Response	Position as at March 2018
Council should ensure that appropriate checks are implemented to ensure that duplicate payments do not occur in the future.	2	Accepted – Council had identified all duplicate payments and requests for refunds were all successfully completed during the year. Procedures are now in place that should help to prevent the possibility of duplicate payments.	<b>Issue Addressed</b>

## 7. Declaration of interests

Recommendation	Priority Level	Management Response	Position as at March 2018
The Council should ensure that declaration of interests are received from each Council member, senior management and those involved in operational activities dealing with third parties (e.g. procurement).	2	Accepted – Senior management have now completed and submitted register of interests which are centrally held.	<b>Issue Addressed</b>

## 8. Draft accounts submitted to audit

Recommendation	Priority Level	Management Response	Position as at March 2018
The Council should quality review the financial statements before submission to NIAO and DfC to ensure that they meet the requirements of the accounts direction.	2	Partially accepted – the accounts direction is a required minimum submission, council's initial submission gave additional information above and beyond that required under guidance. In addition the official proforma being used by Councils to submit accounts did not balance therefore CCAG decided to make the submission in the alternative format since the accounts balanced, this was highlighted to NIAO before commencement of the audit adding that council intended to complete the official accounts in the recommended format once the errors had been identified and corrected. Final accounts were in the required format.	<b>Issue Addressed</b>

## 9. IT

Recommendation	Priority Level	Management Response	Position as at March 2018
The Council should ensure that IT controls are strengthened and that an IT strategy is put in place as soon as possible.		Accepted – software has been updated to enforce password changes, ICT working on a new ICT strategy.  Target for Implementation of new ICT strategy – April 2017	<b>Issue being addressed – Production high level ICT Strategy rescheduled for April 2018.</b>

## 10. Property plant and equipment

Recommendation	Priority Level	Management Response	Position as at March 2018
<p>The Council should review its controls in respect of property plant and equipment to ensure properly recorded and securely controlled.</p> <p>A review should be undertaken to ensure that any potential inconsistencies in the treatment of properties for indexation across the 4 legacy council sites are addressed, with input from LPS as required.</p>	2	<p>Partially accepted, physical verification of receipt of goods/capital work does take place under procurement procedures and under completion stage billing and certification procedures. However, internal spot checks could also be introduced as an additional safeguard. As assets reach the end of their useful lives their net book value will reduce to zero. At this point, if the asset continues in use it will necessarily remain in the fixed asset register with a value of zero. However, a review of fixed assets on the register at zero value, which are no longer in use is needed.</p> <p>Target for Implementation - Review of fixed asset records and locations along with physical spot checks of assets to commence in 2016/17.</p>	<b>Issue Addressed</b>

## 11. Expenditure

Recommendation	Priority Level	Management Response	Position as at March 2018
The Council should ensure that procurement procedures are adhered to at all times.	2	Accepted – With the further population of organisational structure the procurement policy is to be revised taking into account the additional staff now in post in positions of responsibility with a view to updating the thresholds where appropriate  Target for Implementation - Dec 2016	<b>Issue being Addressed</b> - Procurement Policy being updated March/April 2018

## 12. Risk Management

Recommendation	Priority Level	Management Response	Position as at March 2018
The Council should ensure that all relevant staff are included within the risk management process.	2	Accepted  Target for Implementation - January 2017 – Establish an Internal Review Group	<b>Issue Addressed</b>

### 13. Prompt Payment

Recommendation	Priority Level	Management Response	Position as at March 2018
<p>We would encourage the Council to improve its payment of invoices record, particularly in relation to the percentage paid within 10 working days. We understand that the Council has medium term plans to introduce a fully automated, electronic purchase ordering system. This should assist the Council in tracking invoices which may help in achieving improved prompt payment rates and also help address the issue of purchase orders not always being raised.</p>	3	<p>Accepted – Council has included prompt payment as part of its performance improvement plan for the current year. Procedures are currently being looked and being revised to allow for more efficient flow of invoices and payments.</p> <p>Target for Implementation - Jan 2016</p>	<p><b>Issue Addressed</b></p>