Colney Heath Parish Council

Internal Audit Report (Final update) 2015-16

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Background

All town and parish councils are required by statute to make arrangements 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 Return. Auditing Solutions Ltd has provided this service the Council since the outset of the "Limited assurance" audit arrangements.

This report sets out the work undertaken in relation to the 2015-16 financial year, during our two visits to the Council, which took place on 16th December 2015 and 18th May 2016.

Internal Audit Approach

In undertaking the review for the year, 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/Annual Return. Our programme of cover has been designed to afford appropriate assurance that the Council's financial systems remain 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 Annual Return, which requires independent assurance over a number of internal control objectives.

Overall Conclusion

We have concluded that, on the basis of the satisfactory conclusion of our annual programme of work, the Council has developed and maintained for the majority of the year adequate and effective internal control arrangements following the sad death of the former clerk and resultant changes in staffing during the year. We have previously identified a number of issues where little or no action had been taken to effectively address the matters raised and are now pleased to acknowledge the positive action being taken to bring the Council's finances fully under control with appropriate input from members. A few issues have been identified warranting formal comment and recommendation, detail of which is set out in the body of the attached detailed report and further summarised in the appended Action Plan.

We have completed and signed the 'Internal Audit Report' in the year's Annual Return, having concluded that, in all significant respects, the control objectives set out in that Report were being achieved throughout the financial year to a standard adequate to meet the needs of the Council.

Detailed Report

Review of Accounting Arrangements & 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 cashbooks or financial ledgers. Three bank accounts remain in operation with Natwest Bank plc. We are pleased to note the installation and application of the Omega accounting software during the year with data input appropriately for the financial year with assistance, where required, from the software supplier. Given the independence of initial data input and production of regular month-end bank reconciliations by the external contractor and locum clerk, we have not considered it necessary to undertake as much detailed work as in previous years: consequently, we have:

- Agreed the opening Trial Balance detail, as recorded in the new accounting software, to that reported in the Statement of Accounts & Annual Return for 2014-15;
- Checked and agreed detail of five months transactions (April, July and November 2015, plus January & March 2016) on the Natwest current account to the supporting bank statements;
- Checked and agreed detail of all, given their low volume, transactions for the year on the other two bank accounts;
- Ensured that an appropriate cost centre and coding structure has been implemented on the Omega software;
- Ensured that the Omega ledgers remain "in balance" at the financial year-end;
- Reviewed bank reconciliations on the current account at the month-end in April, July and November 2015, plus January and March 2016 to ensure that no long-standing uncleared cheques or other potentially anomalous entries exist;
- Reviewed and agreed the year-end bank reconciliations on the other two accounts to bank statements;
- Reviewed the extant of independent scrutiny by members of bank reconciliations, accounting records and financial journals; and
- Ensured the accurate disclosure of the combined cash and bank balances in the year's Annual Return.

Conclusions and recommendation

We are pleased to acknowledge the significant improvement in the quality of accounting data in the Council's financial records. Notwithstanding that, best practice suggests that bank reconciliations and, we would also suggest journals, should be subjected to independent scrutiny and sign-off by a nominated councillor at regular intervals during the year with further enquiries being made of any apparent anomalous entries.

We note that, as the locum clerk and Council are aware, one cheque drawn in favour of HMRC in March 2015 has not cleared through the banking system to date. It is unclear as to whether or not the cheque has ever been issued and we have suggested to the locum clerk that, if the cheque cannot be traced in the Council's offices a replacement should be drawn and issued to HMRC (we understand that there are concerns over the accuracy of payroll tax deductions, as made by the former clerk in last and the current year and that these are

being examined by the appointed external payroll contractor). If a replacement cheque is required, the outstanding cheque from March should be cleared from the accounting records by the RBS contractor when next he visits.

R1. A Councillor should be nominated to undertake a periodic review of bank reconciliations and journals, in line with best practice, to ensure their accuracy and appropriateness; that review being formally evidenced on the face of the documents. ***This recommendation has been implemented accordingly.***

R2. The long-standing uncleared cheque should be replaced, unless traced in the Council offices, and be issued urgently in order that no further penalties for delayed payment are incurred from HMRC. ***Acknowledged and actioned appropriately.***

R3. The Council should consider whether or not it needs to retain all three bank accounts in their present format, paying due regard to the potential risks of retaining all funds in one banking institution, although the Council is now covered by the Compensation Scheme, but only to £75,000.

Review of Corporate Governance

Our objective 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 no actions of a potentially unlawful nature have been or are being considered for implementation.

- We have continued our review of minutes for the year and to date in 2016-17, examining them to ensure that, as far as we may reasonably be able to ascertain, no legal issues exist: also ensuring that no issues are under consideration that may result in unlawful decisions and actions being taken by the Council;
- We have made previous reference to the need to review periodically and update both Standing Orders (SOs) and Financial Regulations (FRs) to reflect legislative changes. We are now pleased to note that the locum clerk has reviewed both documents and submitted them to Council for formal adoption, the FRs having been so adopted at the December 2015 full Council meeting, with adoption of the SOs at the January 2016 meeting; and
- We have scanned through the revised FRs which are based on the latest NALC model document (2014 version) with no issues arising and will examine them in greater detail as and when we examine each specific aspect / system to ensure that working practice is in line with the approved document.

Conclusions and recommendation

We are pleased to acknowledge the increased involvement and interest of members in the Council's governance arrangements and will continue to monitor the position at future review visits.

We also, during the course of our interim visit, drew the Clerk's attention to the revised EU Regulations in relation to contracting and tendering, specifically in the need to formally advertise any contractual work in excess of £25,000 in the Government's "Contract Finder Website". To assist the Council in this respect, we provided the Clerk with electronic copies

of the recently published NALC Procurement Guidelines and other related NALC Legal Topic Notes, which provide further clarification on the subject. We have also now provided a copy of the further revision of the NALC model Financial Regulations, published in January 2016 and suggest that, in due course the Council undertakes a further review of its recently adopted document brining it into line with the latest update from NALC.

R4. The Clerk and Council will need to ensure that the revised EU legislation on advertising contracts and tenders in excess of £25,000 is observed, as and when any contracts of that size are required, with appropriate detail included in FRs and SOs. ***This will be actioned at the June 2016 full Council meeting.***

Review of Expenditure

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures;
- Funds are expended in accordance with approved 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 analysis of expenditure has been applied in the cashbook to invoices when processed; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

As with the accounting data entries, we have not considered it necessary to undertake a 100% heck of transactions in this area this year: consequently, we have selected a sample including all payments individually in excess of £500, together with a more random sample of every 15th payment in the financial year. Our test sample comprises 57 payments totalling £60,400 and equating to 67% of non-pay related payments in the year.

We are pleased to note that action has been taken to prepare and submit to HMRC VAT reclaims for 2013-14 and 2014-15, which have been repaid prior to 31st March 2016: a reclaim covering 2015-16 has been prepared and will be submitted accordingly for recovery.

Conclusions and recommendations

We are pleased to record that no significant issues have been identified from testing undertaken in this area to date, apart from noting that a number of the certification sheets prepared and attached to each invoice, pay slip, etc have not been signed-off by the Clerk / RFO and a second councillor. We do, however, note that the locum Clerk has implemented a process whereby the monthly Council meetings are presented with a schedule of all payments for approval, which is also signed off by two members and the Clerk / RFO.

In relation to these certification sheets, we suggest that consideration be given to the acquisition of a rubber certification stamp to be placed on each payment docket: this would

not only reduce the volume of paper in use, but also ensure that each and every payment docket is appropriately marked and would reduce the risk of possible duplicated payments (this is pertinent following a relatively recent case where a town clerk was resubmitting invoices for payment and amending cheque detail to pay herself).

The certificate should ideally include the following detail, most of which is already on the existing sheets in use: -

- ***Clerk / RFO signature confirming receipt of goods / services and arithmetical accuracy of invoice***
- ***Signature of two members signing cheques and authorising payment***
- ***Payment date and cheque number / unique Direct Debit / Standing Order reference number***
- ***Omega account Cost Centre and Nominal account code***

R5. *All payment documentation should be signed off appropriately confirming approval for payment.* ***This is now being observed.***

R6. *Consideration should be given to the acquisition of a rubber certification stamp to be affixed to all payment documentation, ideally including the detail referred to in the body of the report.* ***This will be actioned once a permanent clerk and Finance Officer have been appointed.***

R7. *Appropriate action should be taken to ensure that VAT reclaims for 2013-14 and 2014-15, together with that to date in 2015-16, are prepared and submitted to HMRC: the Omega software should be used to compile the current year's reclaim with, in future quarterly reclaims prepared and submitted.* ***Actioned and recovery obtained within 2015-16.***

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 in order to minimise the opportunity for their coming to fruition.

- We have noted previously that the former Clerk had acquired appropriate risk assessment software, which was used to prepare assessments, detail of which was provided to and adopted by members. We again drew attention in last year's final report to the apparent absence of any further consideration or formal re-adoption of the assessments during 2014-15 minutes that an appropriate risk register has been reviewed and / or adopted by the Council: the Governance and Accountability Manual – "The Practitioner's Guide" 2014 edition) now places a mandatory requirement on all councils to undertake at least once annually the review and formal adoption of appropriate risk registers;
- Whilst we are pleased to note that the locum clerk has undertaken a review of the extant documentation in conjunction with members, it is still regarded as work-in-progress and has not been formally considered and adopted by the Council: consequently, whilst acknowledging the work undertaken, we are obliged to record a "No" in the relevant section of the year's Internal Audit Report in the Annual Return; and

- We have also reviewed the Council's insurance policy schedule with Zurich Municipal covering the current financial year and consider that it is appropriate for the Council's present requirements with Employers' and Public Liability in place at £10m and £12m respectively, together with Fidelity Guarantee cover at £250,000 and Hirer's Liability at £2m.

Conclusions and recommendation

We note the actions taken to review the existing risk assessment documentation and, as indicated above, have recorded a negative assurance in the relevant section of the Annual Return's Internal Audit Report as the revised document has not been formally adopted during 2015-16.

We also believe that the former Clerk had acquired the Local Council Risk System (LCRS) software in a previous year and commend the software as an appropriate medium for assessing and recording the potential areas of risk (both financial and health / safety oriented).

We shall continue to monitor the Council's work in assessing risks at future visits.

R8. The Council must ensure that financial and other risk assessments are reviewed and re-adopted formally at least once annually. ***Noted. Assessments have been reviewed, but not yet adopted formally.***

Budgetary Control & Reserves

Our objective here is to ensure that the Council has a robust procedure in place for identifying and approving its future budgetary requirements and the level of precept to be drawn down from the District Council: also, that an effective reporting and monitoring process is in place. We also aim to ensure that the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans, whilst retaining appropriate sums to cover any unplanned expenditure that might arise.

We note that the Council satisfactorily completed its deliberations on the budgetary and precept requirements for 2016-17 with the precept formally adopted at the full Council meeting in January 2016 at £173,000, together with the Council Tax Support Grant of £18,159.

We are also pleased to note that members are now being provided with appropriate budget [performance reports, detail being generated by the new accounting software: we have reviewed the year-end outturn seeking and obtaining appropriate explanations for any significant variances existing.

We have also considered the appropriateness of the level of retained reserves to meet the Council's ongoing revenue spending requirements and any specific development or other future spending requirements. Total funds stand at £131,736, comprising the General Reserve balance of £78,736 and four specific earmarked funds totalling £53,000. We note, from discussion with the Chairman, that the basis of these earmarked reserves is under discussion and that t a degree of realignment will be undertaken early in 2016-17 to more accurately reflect the future plans of the Council. The General Reserve balance of £78,736 equates to approximately nine months' revenue spending at the 2015-16 level and is more than adequate when contrasted with the generally recognised CiPFA guideline of between three and six months' revenue spending.

Conclusions

We are pleased to report that no issues arise in this area of our review warranting formal comment or recommendation: we shall revisit this area at our 2016-17 interim visit examining the outcome of members' deliberations on the level of earmarked reserves , considering the at our final visit, review the current year budget outturn following up and seeking explanations for any significant variances that may arise and also assessing the appropriateness of retained reserves to meet the Council's revenue spending requirements, together with any development aspirations.

Review of Income

The Council receives income from relatively few areas, primarily the annual precept, plus monthly rent for use of the sports pavilion, bank interest, Chronicle advertising space sales, allotment rents, pitch hire, community bus fares and occasional grants.

At our first visit for 2015-16, we examined the controls in place over income arising from allotment rents and advertising income, ensuring that appropriate invoices were raised and income recovered, banked and recorded in the accounting software in a timely manner.

Conclusions and recommendation

We are pleased to record that income in the areas examined in the year has been recovered and banked appropriately. However, in examining the advertisement invoices, we noted that VAT is not being identified thereon: sale of advertising space in the Council's newsletter is a vatable service and should therefore be charged accordingly. However, in discussion with the locum Clerk, it is apparent that the Council has not registered for VAT and we have suggested that HMRC be contacted to ascertain whether or not they would require the Council to charge VAT on the sale of this advertising space in view of the relative low amounts involved.

R9. The Council should open discussions with HMRC to determine whether or not they would require the Council to register for VAT and charge accordingly for the sale of advertising space. **This is in abeyance, as no newsletter s being produced currently.**

Petty Cash Account

We are required, as part of the annual Internal Audit certification process on the Annual Return, to indicate the soundness of controls in this area of the Council's financial activities.
We have made much previous comment about the need to maintain effective and accurate records of all petty cash transactions with some improvement noted in the previous financial year. We note that the former records maintained for much of the current financial year have been effectively "closed-down" and a new imprest style petty cash established in December 2015 with a float of £100, which will be "topped-up" periodically to return the holding to £100.

We have checked detail of the previous account in use ensuring that all payments in the year to the time of its effective closure were appropriately supported by vouchers, trade invoices or till receipts: the RBS contractor has raised an appropriate journal effectively reducing the account balance to NIL, although we note that a residual cash amount of £7.44 remained, which has now been placed in the petty cash time with the newly funded £100 imprest. We note that this balance is still held, together with other miscellaneous packets of cash, the source f which is unknown, but thought likely to have originated from bus fares.

We have discussed the position on these cash sums with the locum clerk, again suggesting that they be banked and recorded as miscellaneous income.

We also noted that no VAT had been identified on the petty cash expenditure of £543.94 in the year (as recorded) on the journal clearing the Omega account balance to £0.00. In view of the low level of any VAT incurred on these expenses (circa £15), we do not consider it worthwhile generating a further adjustment, but reminded the locum Clerk that any future VAT should be identified for recovery accordingly.

We also verified the physical cash holding at the date of this interim visit, which, together with vouchers held supporting expenditure since the new £100 float's inception totalled £100, subject to the extra £7.44 also held in the petty cash tin.

Conclusions and recommendations

As indicated above, we were and remain pleased to acknowledge the ongoing improvement in the manner in which the petty cash account records are maintained. However, as suggested previously, a nominated councillor should periodically check detail of the balance recorded on spread sheet record of transactions and verify the physical cash holding against that record.

R10. The petty cash account should now be operated on an imprest basis with a reimbursement cheque drawn for the value of actual expenditure incurred in any period to return the account to £100.00. ***The account is not being operated on an imprest basis currently with round sum top-ups obtained.***

R11. A nominated councillor should ensure verify the physical cash holding and any un-reimbursed expense vouchers to the £100 float. ***This is being observed, although the records have not been signed to date as evidence of review.***

R12. The residual £7.44 cash held from the previous petty cash account should be paid into bank as a miscellaneous income item or an offset to an expense code. ***This will be banked, together with the other miscellaneous cash found in the office.***

R13. Care should be taken to identify any VAT incurred on petty cash expenditure for appropriate coding in the accounting software and recovery from HMRC. ***Noted and being actioned appropriately.***

Salaries and Wages

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HM Revenues and Customs (HMRC) legislation as regards the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the further amendment to the pension scheme effective from 1st April 2015, as regards employee contribution percentages. In this latter respect, we note that only one employee currently contributes to the LGPS pension scheme and is affected by the changes.

We note that preparation of the payroll has now been outsourced to an independent provider following identification of concerns over the timely submission of deductions, etc to HMRC and the pension fund administrators, together with further concerns over the basis of payments made to certain staff.

We have, consequently, by reference to the payslips for salaries paid in early December 2015: -

- Noted that the Deputy Clerk's working hours have been reduced to 25 per week and that an appropriate national scale point is now being applied;
- Noted that considerable work has been undertaken, in conjunction with external HR consultants, to draw up outline employment contracts for all staff;
- Noted that an appropriate signed contract is in place for the locum Clerk;
- Tax and NI deductions are made applying the appropriate tax codes and NI table for each employee following the budget changes arising from 1st April 2015;
- Checked the basis of pension deduction for the one employee contributing to the scheme noting that the contribution appears to be being calculated at 5.8%, whereas, under the terms of the scheme applying from 1st April 2014, the contribution should be calculated at 5.5% based on the employee's actual monthly salary and an appropriate adjustment will be required, which we understand the external agent is now attending to;
- Checked the locum Clerk's salary since appointment in September to 31st October 2015 by reference to her time sheet and are pleased to note that the time sheet has been certified as appropriate for payment by a councillor; and
- Examined the Net pay control account (Omega code 520) noting an imbalance of £576.00, seemingly arising in October 2015 on journal no. 12 with £4,401,18 credited to the control account, together with a £3.15 adjustment on the Deputy Clerk's mileage reclaim, compared with actual net pay of £3,828.33 for the month.

Conclusions and recommendations

As indicated in previous reports, we had seen no indication in the Council's minutes that staff salaries and working hours were formally approved by members, also that no relevant employment contracts were in place. We are now pleased to acknowledge the positive actions being taken to address these issues and will monitor progress at our next visit, by which time, we understand contracts will have been signed: we also suggest, although do not consider a formal recommendation necessary, that all staff salaries should be the subject of annual formal review and minuted agreement by the Council. The position with regard to Treasure Tots staff remains under review, but should, if deemed appropriate, be

subject to similar Council approval.

We also noted last year that the Council had not complied with the requirements of the LGPS Pension Scheme Regulations 2014 and adopted an "Employer's Discretion Policy": we have provided the locum Clerk with specimen documents adopted by one or two of our other clients and ask that appropriate action be taken to comply with the Regulations.

We have not revisited this area at the final visit, largely due to the imminent appointment of a permanent clerk and Finance Officer: however, we note the externalisation of payroll preparation and significant work undertaken by the appointed payroll bureau on behalf of the Council with the 2015-16 payroll largely reworked in order to ensure accuracy of data and liability due to HMRC.

We shall revisit this area again at our next interim visit and report any conclusions accordingly.

R14. The Council should, as a minimum, ensure that a formal establishment schedule identifying, for each member of staff (probably also including those in Treasure Tots), their annual or hourly salary and basic weekly working hours. ***This has been addressed accordingly and will be further updated following appointment of a new Clerk and Finance Officer.***

R15. The Council should ensure that it complies with the revised LGPS Scheme Regulations, adopting a formal Employer's Discretions Policy. **This remains to be actioned.**

R16. The Clerk should liaise with the pension fund administrators to ensure that the one contributing employee's contributions are calculated at the appropriate rate in accordance with the revised bandings applying from 1st April 2014. ***This has been revisited and corrected accordingly.***

R17. The current imbalance on the net pay account (£576.00) will need to be investigated and corrected when the RBS Rialtas contractor next visits. ***This has been resolved in conjunction with the software supplier.***

Asset Registers

We have previously made reference to the need for the Council to comply with the requirements of the Governance and Accountability Manual and prepare an appropriate register of the Council's asset base. Whilst we were pleased to acknowledge last year compliance with that requirement, it appeared to have been last formally approved and adopted by the Council in March 2012. We note that the Deputy Clerk had been charged with ensuring that the register was brought up-to-date, although the objective was not achieved due to her resignation.

We also note the outcome of discussions that have taken place regarding actual "ownership" of the Village Hall, noting that it has agreed as belonging to the Village Hall Trust and, as such, has to be removed from the value recorded in the asset value recorded in the Council's Annual Return since 2006-07.

Conclusions

No issues arise in this area and we have agreed with the locum Clerk the value of reduction in the Annual Return to be assigned to the Village Hall based on the best estimated value due to the increased value reported between 21004-05 and 2005-06 in the Return.

We also note the intention to undertake a full review of the asset register and have suggested that this be undertaken in conjunction with the long serving members, who will most likely have a more detailed insight into the state of the Council's assets. Consequently, no issues arise warranting formal comment or recommendation

Investments and Loans

The Council holds no funds in any investments, such surplus funds as exist, being retained in two deposit accounts with Natwest on which gross interest is paid monthly or quarterly. We have, as part of our aforementioned verification of cashbook detail, checked and agreed all transactions for the year to date on these two accounts with no issues arising.

The Council negotiated, received approval for and drew down a loan of £30,000 at the close of 2008-09, two half-yearly repayment instalments taking place subsequently. We have checked and agreed the two half-yearly repayments for the year by reference to the third party PWLB repayment request, also verifying the year-end residual loan liability by reference to the PWLB webs site detail of outstanding council loans.

Conclusions

No issues arise in this area of our review warranting formal comment or recommendation.

Statement of Accounts and Annual Return

The Annual Return now forms the Council's statutory Statement of Accounts, subject to external audit examination and certification. Our objective here is to ensure the accuracy of disclosure of information in the Return at Section 2 and that detail is consistent with that contained within the Council's financial and other supporting records.

The switch to Omega accounting software now means that the Council's Balance Sheet, Income and Expenditure Account and Annual Return data are generated automatically by the software.

We have verified the accuracy of detail in these documents through our review of the various review areas detail above in this report, also examining the approach to the identification of year-end debtors and creditors.

Conclusions

We are pleased to report that there are no issues arising from our work in this specific area and we have duly "signed off" the Internal Audit Report in the year's Annual Return, assigning positive assurances in all relevant areas, excepting in relation to risk assessments, as detailed earlier in this report.

Action Plan

Rec. No.	Recommendation	Response
Review of Accounting Arrangements & Bank Reconciliations		
R1	A Councillor should be nominated to undertake a periodic review of bank reconciliations and journals, in line with best practice, to ensure their accuracy and appropriateness; that review being formally evidenced on the face of the documents.	***This recommendation has been implemented accordingly.***
R2	The long-standing uncleared cheque should be replaced, unless traced in the Council offices, and be issued urgently in order that no further penalties for delayed payment are incurred from HMRC.	***Acknowledged and actioned appropriately.***
R3	The Council should consider whether or not it needs to retain all three bank accounts in their present format, paying due regard to the potential risks of retaining all funds in one banking institution, although the Council is now covered by the Compensation Scheme, but only to £75,000.	
Review of Corporate Governance		
R4	The Clerk and Council will need to ensure that the revised EU legislation on advertising contracts and tenders in excess of £25,000 is observed, as and when any contracts of that size are required, with appropriate detail included in FRs and SOs.	***This will be actioned at the June 2016 full Council meeting.***
Review of Expenditure and VAT		
R5	All payment documentation should be signed off appropriately confirming approval for payment.	***This is now being observed.***
R6	Consideration should be given to the acquisition of a rubber certification stamp to be affixed to all payment documentation, ideally including the detail referred to in the body of the report.	***This will be actioned once a permanent clerk and Finance Officer have been appointed.***
R7	Appropriate action should be taken to ensure that VAT reclaims for 2013-14 and 2014-15, together with that to date in 2015-16, are prepared and submitted to HMRC: the Omega software should be used to compile the current year's reclaim with, in future quarterly reclaims prepared and submitted.	***Actioned and recovery obtained within 2015-16.***
Assessment and Management of Risk		
R8	The Council must ensure that financial and other risk assessments are reviewed and re-adopted formally at least once annually.	***Noted. Assessments have been reviewed, but not yet adopted formally.***

Action Plan

Rec. No.	Recommendation	Response
Review of Income		
R9	The Council should open discussions with HMRC to determine whether or not they would require the Council to register for VAT and charge accordingly for the sale of advertising space.	***This is in abeyance, as no newsletter s being produced currently.***
Petty Cash Account		
R10	The petty cash account should now be operated on an impress basis with a reimbursement cheque drawn for the value of actual expenditure incurred in any period to return the account to £100.00.	***The account is not being operated on an impress basis currently with round sum top-ups obtained.***
R11	A nominated councillor should ensure verify the physical cash holding and any un-reimbursed expense vouchers to the £100 float.	***This is being observed, although the records have not been signed to date as evidence of review.***
R12	The residual £7.44 cash held from the previous petty cash account should be paid into bank as a miscellaneous income item or an offset to an expense code.	***This will be banked, together with the other miscellaneous cash found in the office.***
R13	Care should be taken to identify any VAT incurred on petty cash expenditure for appropriate coding in the accounting software and recovery from HMRC.	***Noted and being actioned appropriately.***
Review of Salaries and Wages		
R14	The Council should, as a minimum, ensure that a formal establishment schedule identifying, for each member of staff (probably also including those in Treasure Tots), their annual or hourly salary and basic weekly working hours.	***This has been addressed accordingly and will be further updated following appointment of a new Clerk and Finance Officer.***
R15	The Council should ensure that it complies with the revised LGPS Scheme Regulations, adopting a formal Employer's Discretions Policy.	***This remains to be actioned.***
R16	The Clerk should liaise with the pension fund administrators to ensure that the one contributing employee's contributions are calculated at the appropriate rate in accordance with the revised bandings applying from 1st April 2014.	***This has been revisited and corrected accordingly.***
R17	The current imbalance on the net pay account (£576.00) will need to be investigated and corrected when the RBS Rialtas contractor next visits.	***This has been resolved in conjunction with the software supplier.***