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# **Fawley Parish Council**

*Internal Audit Report 2017-18 (Final)*

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*Consultant Auditor*

*For and on behalf of  
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 Return. This report sets out the work undertaken in relation to the 2017-18 financial year, which took place on 14<sup>th</sup> September and 19<sup>th</sup> December 2017 and the 17<sup>th</sup> May 2018.

## Internal Audit Approach

In undertaking our 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 is designed to afford appropriate assurance that the Council has appropriate and robust financial systems in place that 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' as part of the Council's Annual Governance and Accountability Return (AGAR) process, which requires independent assurance over a number of internal control objectives.

## Overall Conclusion

We have noted that the 2017-18 financial year has presented many challenges for the new Clerk & RFO, subsequent to the departure of the long serving RFO. We concluded during our first Interim Audit visit for the year in September that a number of significant issues had been identified and made formal comments and recommendations in this regard. The failure by the Clerk and the outgoing RFO to initiate a tender process, as the result of inappropriate advice, has resulted in this auditor recording a negative assertion in Box B of the Annual Internal Audit Report.

At our Interim Update visit in December, we noted the appointment of new AAT and part CA qualified Finance Officer. The Finance & Transparency Officer, in concert with the Clerk/RFO had, by that time already implemented significant changes and business process improvements to the Council's Finance Processes which had resulted in greater transparency across all finance information, simple data extract transfer load (ETL) procedures between the Sales Booking system and SAGE, simplified, accurate and consistent reporting and a logical filing system which facilitated both proper recording of and ease of access to finance records.

At our Final Update visit for the year in May, we confirmed that the new business process improvements in finance had been properly tested, fully implemented and were performant, therefore, based on the satisfactory completion of our programme of work for the year, we have concluded that the Council has maintained adequate and effective internal control arrangements with the exception compliance with its Financial Regulations in relation to the Tender process as mentioned above. Formal comments and recommendations made during the year are detailed in the main body of the report and in the appended Action Plan with the Council's response noted.

We have therefore completed and signed the 'Internal Audit Report', having concluded that the control objectives set out in that Report have been achieved within the financial year to a standard adequate to meet the needs of the Council.

We take this opportunity to acknowledge the necessary process changes made by the Clerk/RFO and the Finance & Transparency Officer during FY 2017-18 which have resulted in significant and quantifiable improvements to the Council's Finance operations management and to the quality of the records now maintained. We thank the Clerk/RFO and his team for their assistance, which has ensured the smooth progress of our review process in this most challenging of years.

# 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. To that end, we have: -

- Verified that a formal nominal ledger structure remains in place;
- Checked the opening Trial Balance in the Sage software for 2017-18 to the closing Financial Statements for 2016-17 to ensure that all the detailed balances have been properly rolled forward, with no matters arising;
- Ensured that the ledger remains “in balance” at the year-end;
- Ensured that the cost and expenditure coding structure remain appropriate for purpose;
- Checked and agreed four sample months’ receipts and payments transactions: April, August and November 2017 and March 2018 from both principal Barclays accounts,
- Noted that the Barclays Premium Account was closed on the 14<sup>th</sup> March 2018 with the residual balance transferred to the current account;
- Similarly, checked and agreed all transactions in the Council’s Barclays Subscription account cashbook to the relevant bank statements for April, August and November 2017 and March 2018 noting that this account was closed on the 27<sup>th</sup> March 2018 with the residual balance transferred to the Barclays current account; and
- Checked and agreed the software-based bank reconciliations as at the 30<sup>th</sup> April, 31<sup>st</sup> August and 30<sup>th</sup> November 2017, and the 31<sup>st</sup> March 2018 on all three accounts to ensure that there are no long-standing, uncleared items or other anomalous entries exist noting the new Finance Officer’s process improvements for managing the Bank Reconciliation process.

### **Conclusion**

***There are no issues which arise in this area of our review at the year-end warranting formal comment or recommendation.***

### **Conclusion and recommendation made at our First Interim Internal Audit**

***R1. The Council should give due consideration to a move to an Accounts and integrated Bookings software package specifically designed to meet the needs of the Council and suggest that members and officers examine the RBS Rialtas Omega software, which is used by a high proportion of similarly sized councils with facilities for hire. Response: The RFO and Finance Officer reviewed Rialtas Omega. The package was not able to provide seamless integration with the bookings system and was therefore discounted.***

### **Conclusion and recommendation made at our Interim Update Internal Audit**

***R1. The Council should give due consideration to closing the Instant Access Account and the Membership Payments account. This closure of these accounts will produce a cost saving of approximately £400.00 per annum based upon the saving in administration time and account charges. Response: The Account has been closed.***

## Review of Corporate Governance

Our objective is to ensure that the Council has robust corporate governance documentation and processes in place, that Council and Committee meetings are conducted in accordance with the adopted Standing Orders and that, as far as we are able to ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation. We have undertaken the following work in this area: -

- The minutes of the Full Council and its Standing Committee meetings for the year to end March 2018 have been examined to ensure that no issues affecting the Council's financial stability either in the short, medium or long term exist. We noted in our first Interim Internal Audit Report in September that the Council had acted otherwise than in accordance with its Financial Regulations in that, it had made a procurement in excess of £25,000 without undertaking the proper tender process.

We are now advised, as per the minuted references to the procurement in the prior year, that the outgoing RFO had failed to inform either the Clerk or Members that she had not initiated the proper tender process in relation to the procurement in February 2017 and proceeded with the procurement providing positive assurances both to the Clerk and the members that the process had been managed properly. The Clerk proceeded with the procurement as he understood that the RFO had undertaken the initial procurement activities in full compliance with the Council's Financial Regulations.

We are further advised that upon receipt of further inaccurate advice from the outgoing RFO, a contract had also been entered into other than in accordance with the Financial Regulations.

Both the procurement of the John Deere Tractor and the contract entered into with Peninsula exceeded the powers that the Council has to act and therefore the expenditure must be considered as ultra vires. Resultantly, this auditor has entered a negative assertion in Box 'B' of the Internal Control Objectives in the Annual Internal Audit Report 2017-18 contained within the Annual Governance and Accountability Return. This auditor has subsequently established that new financial procedures have been implemented to ensure that this error does not occur in future years;

- Noted previously that the Council's Standing Orders and Financial Regulations have been the subject of review and re-adoption in 2017-18 and that the Standing Orders will be revised again during 2018-19 using the new NALC model document that was issued in April 2018;
- Also noted that new Clerk / RFO and Finance Officer have conducted a robust and extensive review of all Finance Procedures. This has resulted in a number of necessary and significant business processes changes which have made significant time and resource savings, in some cases such as payroll production, resulting in a time saving of approximately 50% of the production overhead. Robust corporate procedures in other aspects of the Council's operations remain in place and continue to be the subject of periodic review, update and re-adoption by Council;
- Noted that subsequent to the Clerk's successful attainment of the CiLCA qualification that the criteria for the General Power of competence had been met and that it was formally adopted by the Council in May 2017; and
- Noted that the members conducted a robust Budget setting and Precept determination process for 2018-19, using the new Budgeting tool designed by the Clerk and Centre & Sports Development Manager, and that the Council's Budget for the financial year and the Precept, in the amount of £534,157, were formally approved in the meeting of the Full Council in December 2017.

### *Conclusion*

***There are no issues which arise in this area of our review at the year-end warranting formal comment or recommendation.***

**Conclusion and recommendation made at our First Interim Internal Audit**

R2. *Whilst acquisition of the tractor is now a fait accompli, officers and the Council must ensure that, when considering future equipment acquisitions or service delivery with a potential total value in excess of £25,000 (over three years for services), action complies with the Council's own and EU Regulations. Response: We are advised by the new RFO that he acted on the advice given to him by the outgoing RFO which he accepts was incorrect, both in relation to the failure to trigger the tender process, and to enter into a service contract. Finance procedures have been implemented to ensure this situation does not arise again in future years.*

## **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;
- An official order has been raised for all purchases and service delivery where one would be expected;
- 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 have examined the procedures in place for compliance with the above criteria, extending our sample of payments processed in the year to the 31<sup>st</sup> March 2018 including all those individually in excess of £2,500, together with a more random selection of each 25<sup>th</sup> cashbook transaction irrespective of value. Our sample comprises of 77 items in all, totalling £218,723 and representing 71% of all non-pay related payments for the sample period.

We again note that VAT Return submissions continue to be undertaken in a timely manner each quarter: the first three quarterly returns have been completed and submitted for repayment, detail of which we have checked and agreed to the underlying Sage control accounts and the creditor disclosed in the year-end Accounts.

Finally, in this area, we have updated our year-on-year analysis of expenditure incurred across the range of Council activities with no significant, unidentified variances warranting further enquiry or explanation by officers.

### **Conclusion**

***There are no issues which arise in this area of our review at the year-end warranting formal comment or recommendation.***

## 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 identified in order to minimise the opportunity for their coming to fruition: -

- We note that appropriate Corporate Risk Management and Anti-Fraud & Corruption Policies remain in existence, which we consider afford adequate cover for the Council at present;
- We note that the LCRS risk assessment software was updated and adopted by full Council in May 2017;
- We have examined the current year's combined general and vehicle insurance policy schedule, cover being provided by Zurich plc under a new long-term agreement. Public Liability cover stands at £12 million; Employer's Liability at £10 million; Fidelity Guarantee at £500,000 and Business Interruption at more than £325,000, all of which are considered appropriate for the Council at present;
- We have also examined the Council's arrangements for the regular inspection of playgrounds and playing fields, which we consider provide a reasonable inspection regime with the groundsmen undertaking a visual check on all play areas and recreation grounds when they are working in the area. If they identify any apparent defect they note and report this immediately, then record the defect by completing an electronic inspection form, which is submitted on a weekly basis. All playgrounds are also inspected annually by an external contractor, currently N.W. Adams Engineering Design Services, who are certified by the Register of Play Inspectors. This contractor produces a detailed report with photographic evidence of defects, with risk-based recommendations for remedial action to be taken for replacement, repair, or general maintenance.

### **Conclusion**

***There are no issues which arise in this area of our review at the year-end warranting formal comment or recommendation.***

### **Conclusion and recommendations made at our First Interim Internal Audit**

- R3. *The inspection reports should be printed weekly and be approved accordingly by the Clerk as a correct record of inspections. **Response: Implemented.***
- R4. *The Council should develop a policy for the retention of Playground inspection reports for a minimum period, which, we suggest, should be not less than ten years. **Response: Implemented.***

## Budgetary Control and Reserves

We aim in this area of our work to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal determination of the amount to be precepted on the local District Council, that effective arrangements are in place to monitor budgetary performance throughout the financial year and that the Council has identified and retains appropriate reserve funds to meet future spending plans. Consequently:

- We note that members are now provided with vastly improved budget performance monitoring data. A GUI based budget analysis tool has been developed by the Clerk/RFO

and members of staff. The Budgetary tool is fully functional and can be used for historical reporting and budget projection.

- We note that officers and members have, once again, undertaken substantial work to determine the Committee and Council budgets for 2018-19 resulting in an overall spending requirement of £534,157. This figure is somewhat larger than the proposed budget for 2018/19 of £523,657 prepared by the Clerk/RFO, which took into consideration the projected underspends of the current annual budget. Members resolved not to accept the recommendation of the Clerk/RFO but to accept the recommendation of the Policy, Resources & Personnel Committee meeting on the 15<sup>th</sup> November as they felt that it would be prudent to begin to budget for the significant infrastructure expenditure anticipated in the next few years during the current budget period. The Precept of £534,157 was formally recorded in the minutes of the meeting of the Full Council in December 2017.
- We note that with the exception of the unplanned HR expenditure in relation to staffing matters, the Council was operating within the budgets specified;
- We note that members continue to be provided with periodic budget performance detail and key sales statistics at the meetings of the Policy Resources and Personnel Committee; and,
- Finally, in this area of our review we note that reserves were reviewed by members at the year-end taking account of the year's budget outturn with Total Reserves at 31<sup>st</sup> March 2018 standing at £367,924 comprising specific Earmarked reserves of £51,267 and the residual General Fund balance of £316,656. The latter represents approximately 5.6 months' spending at FY 2017-18 levels, which sits comfortably within current CiPFA guidance in this area.

### **Conclusion**

***There are no issues which arise in this area of our review at the year-end warranting formal comment or recommendation.***

## **Review of Income**

In considering the Council's income streams, we aim to ensure that robust systems are in place to ensure the identification of all income due to the Council from its various sources, to ensure that the income is invoiced (where applicable) in a timely manner and that effective procedures are in place to pursue recovery of any outstanding monies due to the Council.

- We have previously noted that fees and charges are reviewed periodically and approved by members, in conjunction with the RFO and relevant Service Managers' regular trading reports, with those effective for 2017/18 having been reviewed and approved accordingly during the course of the previous financial year;
- As noted earlier in this report, we have checked and agreed cash book receipts to relevant bank statements for four sample months;
- We note the process improvements implemented by the new Finance Officer. Data is now Downloaded from the 'Sports Booker' booking system and using the Sage ETL templates is imported directly into the accounts system with no further manual intervention. This information is then reported on giving near real time reporting on the day-to-day cash and PDQ receipt and reconciling this information against the daily till readings and physical cash

holdings. Weekly and monthly reconciled sales reports are now available. Cash is collected by a security firm, on at least a bi-weekly basis, and banked. We have tested all Sales transactions, reconciliations and reports for November 2017 with no issues arising;

- We have checked and verified the new Financial Procedures for Income recording and reporting; and,
- We have tested all sales invoices issued during November 2017 to ensure that the fees charged were in accord with the published scales and that payments had been received from customers in a timely manner.

Finally, in this area, we have updated our year-on-year analysis of incomes arising across the range of Council activities with no significant, unidentified variances warranting further enquiry or explanation by officers.

### **Conclusion**

***There are no issues which arise in this area of our review at the year-end warranting formal comment or recommendation. However, it is worthy of note that the detailed and well- designed process improvements to income data management, implemented by the Finance Officer, have achieved a saving for the council of approximately two person-days per month when compared with the previous manual data-entry methods that had been employed. The new processes have also improved the accuracy of the data being recorded by upwards of 20%.***

## **Petty Cash and Charge Card Accounts**

- Our aim in this area is to ensure that appropriate controls are in place; that all expenditure incurred is adequately supported by trade invoices or till receipts; that the expenditure is appropriate for the Council's requirements; that VAT has been separately identified for periodic recovery and that cheque encashments from the main cashbooks are properly recorded.
- The Council now operates its petty cash scheme on an imprest basis with a £200 limit in the Administration Office, supplemented by cash till floats at Gang Warily and Jubilee Hall. We have checked and agreed a sample of three months' petty cash payments: April and August 2017, and March 2018 to ensure that each was supported by an appropriate supplier invoice / till receipt and that the expenditure was relevant for the Council's activities with no issues identified.
- We note that the Clerk / RFO operates a Barclays Bank charge card, which has a monthly spending credit limit of £10,000 and an automatic direct debit settlement arrangement. Due to the relatively small number of transactions, we have checked and verified all card transactions for the year to 31<sup>st</sup> March 2018 against the supporting card statements to ensure that the goods and services purchased were appropriate for the Parish Council's activities and were supported by relevant purchase orders and supplier invoices / till receipts.

### **Conclusion**

***There are no issues which arise in this area of our review at the year-end warranting formal comment or recommendation. However, it is worthy of note that the Finance Officer has implemented an imprest petty cash scheme with formal monthly reconciliations which has ensured proper recording of VAT in all instances. The Petty Cash reconciliation, which was not reported on previously, is now included in the monthly finance reports.***

## Salaries and Wages

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed regarding adherence to the Employee Rights Act 1998 and the requirements of HM Revenue and Customs (HMRC) in relation to the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the local government pension scheme, as most recently amended with effect from April 2017.

We have examined the payroll procedures in place and the physical payments made to staff by reference to the August 2017 documentation, the underlying detail of which continues to be produced "in house" by the RFO utilising bespoke Sage payroll software. Consequently:

- We note that the Council has duly considered various incremental spinal point increases and the application of the NJC pay award for 2017-18 for those staff who are paid on NJC scale points, with a few other staff members paid at a contracted rate of pay;
- PAYE Tax Codes have been checked to ensure that appropriate allowances are being applied for the year following the annual budgetary increases in personal allowances with effect from April 2017;
- National Insurance Table deduction rates have been checked to ensure that computations have been made accurately;
- Local Government Pension Scheme deduction rates have been checked to ensure they are in accord with the bandings in effect from April 2017;
- Additional / variable hours paid in August have been checked and verified in full, from authorised timesheets to payslips;
- We have checked and agreed the net pay values from individual payslips to the BACS summaries and resultant bank statement and cashbook transactions; and
- We note that electronic monthly returns are made in a timely and accurate manner in accord with revised HMRC legislation.

### **Conclusion**

*There are no issues which arise in this area of our review at the year-end warranting formal comment or recommendation. However, it is worthy of note that following the recommendation made at the Interim Update Audit, the new Finance Officer completely redesigned the Council's existing unwieldy and unnecessary Payroll processes and has created a new Payroll procedures document. The implementation of the new streamlined processes provided the Council with further time and cost savings equating to approximately one-person day per month and also identified incorrect procedures in relation to Pensions Payment processing which have now been corrected.*

### **Conclusion and recommendation made at our Interim Update Audit**

- R2. *Only one of the profile reports need be printed from SAGE payroll to be retained as a record of salary, pension, deductions, PAYE and NIC payments on a monthly basis. The RFO and Finance Officer should select which report profile best suits the Council's needs and retain that one. Supplemental reporting, if required at any time, can be produced on demand.*  
**Response: Implemented**

## Asset Registers and Inventories

The Governance and Accountability Manual requires councils to develop and maintain a register of all assets. The Annual Return requires disclosure of the value of assets retained by the Council as at 31<sup>st</sup> March annually with a revision to the reporting detail issued in 2010 that requires asset values to be reported at cost price or, where that value is unknown, the prior year Annual Return value updated to reflect the cost of any new acquisitions or deletions / disposal.

The Fixed Assets Register has been thoroughly reviewed by the Clerk / RFO during the last quarter of FY 2017-18, and significant errors were subsequently identified. It transpired that the Fixed Asset Register had not been updated to reflect acquisitions and disposals during FY 2016-17 and that the previous year's stated Fixed Asset Value of £5,759,615 was, resultantly, incorrect.

This auditor has reviewed the current Asset Register with the Clerk / RFO and has agreed the Fixed Asset Value as at 31<sup>st</sup> March 2018 to be £6,026,403. Having discussed this issue with the Clerk / RFO this auditor advised that the Fixed Asset Value for the year ending 31 March 2017 would need to be restated in the current year Annual Governance & Accountability Return at the correct value of £5,884,226 and an explanatory note provided to the External Auditors.

We are now confident that, in all respects, the Regulations are being robustly met, with appropriate registers now maintained by the Clerk / RFO and that the overall asset values have been correctly reported in Box 9, Section 2 for 2017-18 in the amount of £6,026,403, and that they are in accord with in-year purchases and disposals.

### **Conclusion**

*There are no issues which arise in this area of our review at the year-end warranting formal comment or recommendation.*

## **Investments and Loans**

Our objectives here are to ensure that the Council is "investing" surplus funds, be they held temporarily or on a longer-term basis in appropriate banking and investment institutions, that an appropriate investment policy is in place and that the Council is obtaining the best rate of return on any such investments made and that interest earned is brought to account correctly and appropriately in the accounting records.

- We have checked and agreed all transactions against the Barclays Bank statements and subsequent cash book entries for the Premium Account, also verifying the receipt and ledger recording of all interest arising thereon for the year ending 14<sup>st</sup> March 2018;
- We noted the closure of the Barclays Premium Account on the 14<sup>th</sup> March 2018;
- We note the Council's intention to invest surplus funds in a CCLA Deposit Account that had been opened in April 2018;
- We note the Council's intention to invest designated EMR monies and long term surplus funds in a CCLA Property Fund Account which was in the process of being set up at the time of the Final Update Audit; and,
- We have previously reported that the Council drew down a PWLB loan for the first time during 2013-14: subsequently we have, at the previous two interim visits for the current year, verified the payments of the bi-annual instalments arising from the PWLB direct debit demand notices to cash book transactions as part of the higher value creditor payments

testing noted earlier in this report. Finally, we have checked and verified the outstanding capital balance due at 31<sup>st</sup> March to that disclosed at Box 10, Section 2 of the Annual Return.

### **Conclusion**

***There are no issues which arise in this area of our review at the year-end warranting formal comment or recommendation.***

### **Conclusion and recommendation made at our Interim Update Audit**

*R3. Members should consider developing an appropriate investment strategy which both maximises the Council's return on its investments whilst minimising the council's risk of losing funds through a bank failure, also considering alternative investment opportunities.*

***Response: An appropriate Investment Strategy has been approved by members.***

## **Statement of Accounts & Annual Governance and Accountability Return**

The Council's annual Statements of Accounts have, as in previous years, been prepared from the Sage accounting software, together with detailed supplementary supporting notes. We have checked and agreed, by reference to the accounting system's closing Trial Balance and other relevant documents, the content of the Statement of Accounts and the supporting notes, detail of which is transferred to Section 2 of the Annual Return.

We have also reviewed the process for identifying and verified the accuracy of year-end debtors and creditors, as disclosed in the Balance Sheet to appropriate supporting documents.

### **Conclusions**

***On the basis of our detailed programme of work undertaken during the course of the year on the Council's systems of financial control and satisfactory conclusions drawn from our examination of the content of the detailed Statement of Accounts and the summarized detail set out in Section 2 of the Annual Governance & Accountability Return, we have duly "signed off" the Internal Audit Certificate assigning positive assurances in each relevant category other than Box 'B' where a negative assertion has been entered as described previously in this report.***

Rec. No.	Recommendations made at the First Interim Internal Audit	Response
<b>Review of Accounting Arrangements and Bank Reconciliations</b>		
R1	The Council should give due consideration to a move to an Accounts and integrated Bookings software package specifically designed to meet the needs of the Council and suggest that members and officers examine the RBS Rialtas Omega software, which is used by a high proportion of similarly sized councils with facilities for hire.	<i>Response: The RFO and Finance Officer reviewed Rialtas Omega. The package was not able to provide seamless integration with the bookings system and was therefore discounted.</i>
<b>Review of Corporate Governance</b>		
R2	Whilst acquisition of the tractor is now a fait accompli, officers and the Council must ensure that, when considering future equipment acquisitions or service delivery with a potential total value in excess of £25,000 (over three years for services), action complies with the Council's own and EU Regulations.	<p><i>Response: We are advised by the new RFO, as per the evidence in the prior year minutes, that the previous RFO initiated and managed the procurement process in relation to the John Deere Tractor. The new RFO had no reason to believe that the correct procedures had not been followed, and he has advised that the previous RFO did not inform him that the proper tender process had not been implemented until the Tractor procurement had been completed.</i></p> <p><i>The RFO accepts that the procurement process pertaining to the Tractor and advice given to him by the outgoing RFO pertaining to entering into a service contract was incorrect.</i></p> <p><i>This auditor has seen clear evidence of the implementation of new Finance procedures that have been designed to ensure this situation does not arise again in future years.</i></p>
<b>Assessment and Management of Risk</b>		
R3	The daily inspection reports should be printed weekly and be approved accordingly by the Clerk as a correct record of inspections.	<i>Response: Implemented.</i>
R4	The Council should develop a policy for the retention of Playground inspection reports for a minimum period of eighteen years, plus three in the event of an incident and for ten years in all other cases.	<i>Response: Implemented.</i>

Rec. No.	Recommendations made at the Interim Update Audit	Response
<b>Review of Accounting Arrangements and Bank Reconciliations</b>		
R1	The Council should give due consideration to closing the Instant Access Account and the Membership Payments account. This closure of these accounts will produce a cost saving of approximately £400.00 per annum based upon the saving in administration time and account charges.	<i>Response: The Account has been closed.</i>
<b>Review of Salaries and Wates</b>		
R2	Only one of the profile reports need be printed from SAGE payroll to be retained as a record of salary, pension, deductions, PAYE and NIC payments on a monthly basis. The RFO and Finance Officer should select which report profile best suits the Council's needs and retain that one. Supplemental reporting, if required at any time, can be produced on demand.	<i>Response: The Finance Officer has created a new streamlined Payroll Procedure which has reduced the monthly Process time by approximately 50%</i>
<b>Review of Investments and Loans</b>		
R3	Members should consider developing an appropriate investment strategy which both maximises the Council's return on its investments whilst minimising the council's risk of losing funds through a bank failure, also considering alternative investment opportunities.	<i>Response: An appropriate Investment Strategy has been approved by members.</i>