

Sonning Common Parish Council

Internal Audit Report: Final update 2021-22

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Background and Scope

Statute requires all town and parish councils to arrange for an independent Internal Audit (IA) examination of their accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR).

This report sets out the work undertaken in relation to the 2021-22 financial year during the course of our two visits on 14th October 2021 and 9th June 2022 together with preliminary and subsequent work at our offices. We thank the Clerk and Finance Officer (FO) for their help in the process, providing documentation in both hard copy and electronic format to facilitate completion of our review for the year.

Internal Audit Approach

In undertaking our review, we have again paid due 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 and governance controls 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 IA Certificate in the Council's AGAR, which requires independent assurance over a selection of internal control objectives.

Overall Conclusion

Detail of the work undertaken on the Council's accounting and other records is set out in the following report. We identified several areas at our interim visit where we considered further action was required to strengthen existing controls, improve financial recording / reporting and ensure compliance with national legislative requirements. We wish to acknowledge the progress made to address previously identified issues, although a number still require positive action to ensure working practices are in line with best practice and the at statutory regulations legislation is observed. A few additional issues have arisen at this final visit which are reported accordingly in the following updated detailed report.

Based on the generally satisfactory conclusions drawn from our review programme for the year, we have signed off the IA Certificate in the AGAR assigning positive assurances in each relevant area, excepting that in relation to the currency of information on the website (Box L).

We take this opportunity to draw the Council and Clerk's attention to the requirements of the Accounts and Audit Regulations 2015 and guidance notes in the preface to the year's AGAR in relation to the documentation that should be displayed on the Council's website, also taking account of the external audit comments in their 2020-21 AGAR Certificate, together with the need to ensure compliance with the timing requirements for publication of the Notice of Public Rights to examine the Council's documentation for the financial year.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Council's financial records have been maintained using the RBS Rialtas Alpha accounting software, which we consider a sound accounting system. We have recorded previously, the intention to upgrade to the Rialtas Omega software and note that this has been implemented with effect from 1st April 2022.

The Council operates its main financial transactions through the Unity Trust Bank account, with funds also held in a NatWest account, which is primarily used to record transactions using a NatWest Debit Card mainly for online purchases and to provide access to cash from a local ATM to "top-up" the petty cash account as and when required. A further Unity Trust account (UTB Halls) is in place, which is used primarily to receive hall hire fees.

Our objective in this review area is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. Consequently, we have: -

- Verified the accurate carry forward of the closing balances for 2020-21, as reported in the prior year's Alpha software and AGAR, into the 2021-22 Alpha accounts;
- Checked detail in the three cashbooks, verifying transactions for the full financial year to the underlying bank account statements;
- Checked and agreed detail on the three accounts' bank reconciliations at 30th September 2021 and 31st March 2022 to the underlying statements; and
- Ensured the accurate disclosure of the combined cash and bank balances in the year's AGAR at Section 2, Box 8.

Conclusions and recommendations

We are pleased to record that the accounting records are now being maintained in a timely and much tidier manner and thank the Finance Officer (FO) for the significant improvements made over the course of the financial year.

We are again pleased to note that bank reconciliations are being prepared routinely at the close of each month with detail provided to and generally reviewed and signed-off by a councillor. We have previously discussed the process with the Clerk and FO advising and demonstrating that the RBS Rialtas software can generate a single combined account reconciliation, which will simplify the review task for members.

As the Council has now upgraded to the RBS Omega accounting software in 2021-22, cashbooks are now closed down at each month-end. Consequently, we urge that the checking councillor, not only signs-off the bank reconciliation, but also checks and signs off the last page of the monthly cashbooks where the carry forward balance is recorded, also agreeing the bank balances on the statements and signing them off. By doing so, the checking councillor effectively evidences their confirmation of the accuracy of the bank and cashbook balances as recorded on the reconciliation.

R1. The monthly review of reconciliations should be duly evidenced by the checking councillor by signing-off the bank reconciliation statements, together with the final page of each month's cashbook and the supporting bank statements as evidence of their confirming those values on the reconciliation statements. We note that this had been partially actioned during 2021-22.

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 (SOs) and that, as far as we may reasonably ascertain, as we do not attend meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

We note that the Council reviewed, updated and adopted revised SOs and Financial Regulations (FRs) in October 2020 both of which were broadly in line with the NALC model documents making appropriate reference to the requirements of the Public Contracts Regulations with a limit of £25,000 set for formal tender action. We noted last year that the referencing on the opening page of the FRs did not correlate with either the page or paragraph numbers in the body of the document: the position remains unchanged in the latest document and, consequently, we remind officers and the Council of the need to ensure consistency in this respect.

We have reviewed the Council and various Committees' minutes (excluding Planning) for the year and to date in 2022-23, as posted on the website, to ensure that, as far as we can reasonably ascertain as we do not attend meetings, no decisions have been taken or are being considered that will have an adverse effect on the Council's current or future financial stability and are pleased to report that no such issues have been identified.

We note that the external auditors signed-off the 2020-21 AGAR with two observations, one relating to the non-identification of the restatement of certain prior year values in the 2020-21 AGAR Section 2, the other to the need to publish on the website the AGAR and associated financial detail for a minimum of 5 years in accordance with the Accounts and Audit Regulations 2015. The Council will need to ensure appropriate disclosure in the 2021-22 AGAR Governance Statement assigning a negative assurance at Section 1, Box 7, as the website has not been updated accordingly at the date of this final review. We note that the FO was advised from another source that documentation only needed to be posted for 2 years, although that contradicts the requirements of the Accounts and Audit Regulations, as set out in the external audit report for 2020-21. Consequently, we shall also need to give a negative assertion at Box L of our certificate for 2021-22, as the website had not been updated accordingly by the date of this final review.

Conclusions and recommendations

Whilst no significant concerns arise in relation to the Council's governance arrangements in general for 2021-22, the Council will need, as a result of the 2020-21 external audit comments in that year's AGAR, to ensure appropriate negative disclosure in the 2021-22 Governance Statement in the AGAR, as above.

R2. *The Clerk and Council must ensure that the website is updated to include detail of 5 years AGAR financial and other detail, as required by the Accounts and Audit Regulations 2015, also ensuring appropriate disclosure, as indicated in the 2020-21 external audit report, in the 2021-22 Governance Statement.*

Review of Expenditure & VAT

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;

- Appropriate documentation supports payments, 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 have again reviewed the Council's control procedures in relation to the scrutiny and approval of traders' and other invoices for payment and consider them to be operating generally effectively in relation to the main payments processed through the Unity Trust account, although the evidencing of member review is somewhat sporadic. We note that the Clerk sets up the online Unity Bank payments with 2 members then going online to physically release the payments. A certification slip is prepared and attached to each invoice paid through the Unity account with two authorising members signing / initialling the docket.

However, in examining the files of processed invoices, it is apparent that neither direct debit payments nor those pertaining to use of the NatWest Debit Card are subjected to similar member scrutiny or approval. We note the clerk's desire to retain use of certification slips attached to the main payment invoices and urge that **all** payment documentation be subjected to similar scrutiny.

To ensure compliance with the above stated objectives, we have selected and examined an extended sample of 50 payments in the year from the Unity account, plus 19 using the NatWest Debit Card. All but 3 are appropriately supported, detail of which we have discussed with the FO. Our selected sample totals £845,050 equating to 90% by value of all non-pay related payments processed in the financial year: the high value arises from the contracted development of the Millennium Hall Field site.

In undertaking the above review, one of the NatWest payments that couldn't be accurately verified related to Youth Club expenses where the numerous supporting slips did not tally with the total payment made with a shortfall of £23 against the total spend of £1,307. We also note the Council's approval for opening a further bank account to facilitate the direct deposit of Youth Club moneys by the Organiser, although action to arrange the account's opening has been delayed for several months.

We note that the Council has "opted to tax" the Millennium Field site facilitating recovery of approximately £100,000 of expended VAT on the development.

Conclusions and recommendations

All documentation supporting payments, apart from petty cash (see later section of this report), should be subjected to the same level of control as payments through the main Unity account, with appropriate certification slips completed by members approving the payments and attached to the documentation. This should be applied equally to the regular direct debit payments and those payments by debit card.

The documentation supporting expenditure incurred by the Youth Club Organiser(s) should be improved to ensure that full documentation is available in support of the fairly significant periodic spending. Additionally, urgent action should be taken to open the planned bank account to afford the Youth Club Organiser(s) the facility to bank income directly themselves.

- R3. *All payments, including direct debits and those made by Debit Card, should be subjected to evidenced member scrutiny and authorisation. albeit most probably post payment in respect of the Debit Card transactions.*
- R4. *Action should be taken urgently to expedite opening of the further bank account for use by the Youth Club Organiser(s).*
- R5. *The manner in which expenditure incurred by the Youth Club Organiser(s) is documented should be improved to ensure that the Finance Officer is provided with appropriate and complete documentation to support all such expenditure incurred.*

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 have examined the 2021-22 Council's insurance policy with Hiscox with both Employer's and Public Liability cover standing at £10 million, together with Fidelity Guarantee cover at £500,000, all of which we consider appropriate for the Council's present needs. We noted at our interim review that, despite our previous recommendation, Business Interruption – Loss of Revenue cover remained in place at £10,000. We are pleased to note that cover has now been increased to £20,000, but suggest that the appropriateness of that level should continue to be monitored to ensure that the Council remains adequately covered.

We note that, following an initial review in May 2021, the Risk Assessment document was again reviewed and formally re-adopted at the June 2021 meeting. As indicated previously, we consider that the register would benefit from expansion to include consideration of the potential impact of any governance / management risks that might arise: we have provided the clerk with a risk document in use by a number of our clients who have tailored it to meet their specific requirements and suggest that it be considered for implementation suitably tailored to the Council's specific requirements.

Conclusions and recommendations

Whilst no significant concerns have been identified in this area, we suggest that the existing risk register be expanded accordingly.

- R6. *The existing risk register could usefully and should be expanded to incorporate greater detail of the potential management and governance risks facing the Council.*
- R7. *The level of Business Interruption – Loss of Revenue cover currently in place should be re-evaluated and uplifted to take account of the annual income received in normal circumstances from hire of the existing hall and the potential income arising when the new hall becomes operational. Cover has been increased to £20,000.*

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 level of precept to be drawn down from the parent 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 and to also cover any unplanned expenditure that might arise.

We are pleased to note that members have duly discussed and agreed the budget and precept for 2022-23, setting the latter at £193,159 at the January 2022 full Council meeting.

We are pleased to again note that the Finance Committee receive periodic budget performance reports throughout the year based on the Alpha accounting software. We have reviewed the year-end Alpha generated report noting a few “hotspots”, detail of which we have further examined by reference to the related nominal account codes in the detailed transaction reports with no areas of residual concern identified warranting further enquiry.

We have reviewed the year-end position as regards the availability of reserves to finance the Council’s ongoing revenue spending and also the development plans currently in hand. Total funds have reduced to £315,067 (£722,133 at 31st March 2021) primarily the result of the expenditure on the Memorial Park Project. Of the total balance, £311,801 has been set aside in Earmarked Reserves (EMRs) for specific projects, leaving a seriously low level of General Reserve balance at the year-end (£3,266) which equates to less than one week’s revenue spending. General guidance suggests that the General Reserve balance should be maintained at between three and twelve months’ revenue spending, which at the 2021-22 level would equate to a minimum holding of approximately £70,000.

Conclusions and recommendation

We are concerned to note the very low value of the General Reserve Fund balance at the financial year-end and urge the Council to formally approve the reduction in the level of earmarked reserves by a minimum of £70,000 to ensure that the General Fund balance is replenished and raised to a more appropriate level to service the Council’s ongoing revenue spending requirements.

R8. The Council should examine the level of retained reserves ensuring that the General Reserve Fund balance is increased to a more prudent level of a minimum of £70,000 by transfer from the Earmarked Reserves in line with the generally accepted guidance of between 3 and 12 months revenue spending.

Review of Income

The Council receives income from a relatively limited range of sources, primarily the annual precept, Village Hall hire, allotment rents, grants and donations, other miscellaneous areas and recovered VAT, together with significant CIL moneys in recent years.

In this review area, we aim to ensure that income due to the Council is identified and recovered within an appropriate period and is also banked promptly. We have examined income arising from hall hire selecting a sample of two weeks bookings at the start of September 2021 ensuring that appropriate hire agreements are in place for the casual bookings and that fees have been charged appropriately in accordance with the approved scale of fees and charges. Whilst we have no significant concerns in this area, we suggest that, in line with best practice, signed agreement forms confirming acceptance of the Terms of Hire should be obtained for **all** bookings, including those for regular monthly or weekly hirers once annually to provide the Council with a greater degree of protection in the event that any damage should occur during a hire session. We have discussed this further at this final review agreeing with the FO and Clerk that “DocuSign” software would be acquired to facilitate online signing of agreement forms.

The allotment rental year commences on 1st October annually: consequently, we have noted that control of income is now exercised using the Rialtas software. We have, consequently, reviewed the various control reports generated by the software noting that, at the financial year-end, all but three tenants' rents had been paid. We have discussed the position with the FO noting that one of the three has paid in early 2022-23, one cannot be contacted and the third has actually underpaid the rent by £5, which is being actively chased for recovery.

We understood last year that approximately £450 in deposits had been received to the end of 2020-21. To help ensure that, as and when tenants vacate their plot, the appropriate recording of the receipt of refundable deposits can be confirmed and repayment made, such deposits should be coded against a deposit control account in the accounting software (500 code series), which we understand has been actioned in 2022-23: we will examine the resultant detail at our next review visit.

We have also examined the Alpha nominal income code transaction detail ensuring, as far as we are reasonably able, that all income due has been charged appropriately and been recovered within a reasonable time frame and are pleased to record that no issues arise in this respect.

Conclusions and recommendations

We note that the clerk is considering the acquisition of a bespoke bookings package and have suggested that, in line with upgrading the accounting software to Rialtas Omega, consideration should be given to acquiring and implementing the Rialtas booking package, which also incorporates a Sales Ledger (for invoicing and debt control) and can be linked automatically to the Omega accounting software. As above, the Council should also identify the total value of retained / refundable allotment deposits establishing a separate liability code in the accounting software journaling the full refundable value as a debit to the allotment rent income code (where it has previously been credited) and crediting a new "Allotment deposits" code in the accounts.

R9. An appropriate liability / creditor code should be established in the Alpha accounts (in the 500 series) with the value of retained allotment deposits credited to that code and debited against the allotment income code by journal. This has been actioned in 2022-23.

R10. All hall hirers, including regular hirers, should, in line with best practice, be required to sign a hire agreement form annually confirming understanding and agreement to the Council's Terms of Hire. Action in this respect has been agreed with the "DocuSign" software to be implemented in 2022-23 to facilitate hirers signing agreement forms appropriately "online".

Petty Cash Account

We are required, as part of the IA certification process in the AGAR, to assess the Council's approach to and control of the management of petty cash account transactions. The Council operates a petty cash account with two cash "top-ups" of £50.00 each occurring during the year and placement of four allotment rent cash receipts in the tin totalling £167.72 recorded as received during the financial year, the cash "top-ups" being drawn using the aforementioned Debit Card.

We checked the recorded payments in the year to 30th September 2021 totalling £170.14 at our interim review visit, the individual amounts expended being supported by appropriate till receipts / trade invoices. Two further payments had been made in October 2021 totalling £12.12, neither of which had, at the time of our checking the cash on 14th October 2021, been entered in the Alpha accounts. As recorded in our interim report the physical petty cash holding at that time totalled £60.24, which, when the two disbursements of £12.12 were added gave a total anticipated cash

holding of £72.36 as at 30th September. The Alpha petty cash account recorded a cash holding at that date of £12.54, indicating a surplus cash holding of £59.82.

We are pleased to now note that the FO has introduced more stringent controls in this area with a hand-written record now also maintained with the physical cash holding agreed to that record periodically. We have again checked the physical cash holding at this final review and are pleased to report that it matches the control record.

Whilst we acknowledge the difficulties of depositing cash receipts in the bank over the last year because of Covid and reduced bank service provision, as advised last year, the use of cash income to “top-up” the petty cash account contravenes the Council’s FRs (Para 10.5 refers). Whilst noting the adoption of revised FRs in February 2022, with reference at Para 7.15 to a change to allow “*Income received in cash to be paid into the petty cash float*”, Para 10.5 has not been amended to also reflect this change and effectively contradicts the content of Para 7.15.

Obviously, with the ever diminishing availability of high street banks, it is becoming increasingly difficult for councils to draw cash to top-up the petty cash account and many are now using cash receipts to that effect. From an audit viewpoint, whilst this situation is not ideal as the establishment of an effective “audit trail” is not always easy to set up and maintain, provided appropriate documentation is maintained to provide as good an “audit trail” as is practicable, the use of cash income in such a way is having to be accepted as working practice. The Council must, however, ensure that appropriate controls are put in place and that the FRs are amended / tailored appropriately to reflect the compensating controls put in place.

Conclusions and recommendations

As indicated above, the Council will need to further review and amend its FRs to ensure consistency.

R11. The Council must ensure that its Financial Regulations reflect actual **approved working practice** as regards the use of cash income to “top-up” the petty cash account and that appropriate controls and an effective audit trail are put in place over such action: a further amendment is required to ensure consistency as detailed in the body of the report.

R12. In line with best practice, the physical petty cash holding should be checked and agreed to the underlying cashbook balance periodically during the year by an independent reviewer. **This has been implemented accordingly.**

Review of Staff Salaries

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 HMRC legislation as regards the deduction and payment over of income tax and NI contributions. To meet the above objective, we have: -

- Checked and agreed detail of salaries paid to staff members in September 2021 by reference to the Clerk’s record of approved hourly pay rates, as approved by the Council during the financial year, noting that they are not based on the nationally agreed pay scales;
- Ensured that tax and NI deductions / contributions have been made applying the appropriate tax code and NI Table to the test month’s salaries; and
- Ensured that the employee contributions to the pension scheme for those staff contributing to the scheme have been correctly calculated.

Conclusions and recommendations

Whilst no significant concerns arise in this review area, in checking the September 2021 payslips we noted that staff were paid for hours worked the previous month based on timesheets or telephone advice received in the office of the hours worked and recorded on post-it notes. The timesheets provided were neither signed by the employees nor bore any indication of review, agreement and certification of their accuracy by a supervising officer.

As recommended last year, we also urge that all staff be assimilated onto appropriate spinal points on the national NJC salary scale, which would simplify members' task of reviewing hourly rates of pay periodically, as any national pay award could be implemented automatically.

R13. To afford appropriate evidence that monthly salaries for staff working variable hours are appropriately paid with timesheets prepared by all such employees and the timesheets subjected to review, approval and certification by their supervising officer.

R14. As recommended previously, the Council should consider assimilating all staff onto the nationally agreed pay scales for local government officers.

Asset Registers

The Practitioner's Guide requires all Councils to maintain a Register of Assets. We are pleased to note that an appropriate register has been established using the RBS Asset management software, also including photographs of a number of the assets, which we consider good working practice as it may well assist the pursuance of any insurance claim in the event of damage to Council property whether accidental or wilful.

We have reviewed the document ensuring, as far as we are reasonably able to, that new acquisitions during 2021-22 have been recorded appropriately at purchase price net of VAT and that the total asset value has been correctly recorded in the year's AGAR at Section 2, Box 9.

Conclusions

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

Investments and Loans

We aim in this area of our review process to ensure that the Council is taking appropriate action to ensure interest earning capabilities are maximised whilst safeguarding the Council's resources. As indicated earlier in this report, we note existence of three accounts with the majority of funds held in the two Unity Trust accounts and a significant sum, in excess of £100,000 in the NatWest account with no interest earned on any account this year.

Notwithstanding that, with the majority of funds held in the Unity Trust Bank, the Council is at a degree of risk in the, albeit unlikely, event that the bank should fail as the Government's bail out scheme would only result in recovery of up to £85,000. The Council has a duty to not only ensure that "investments" are secure, but to also ensure that appropriate interest rates are obtained from the appropriate placement of surplus funds.

We appreciate that a significant proportion of the funds held will be expended in the future with planned developments, we again urge that the Council considers a degree of further diversification of its funds in other banking institutions where, although limited in the current financial situation,

with interest earning potential improved. Whilst we cannot act as financial advisors, a number of our clients have improved their interest earning potential by placing funds in the CCLA Public Sector Deposit Fund, Cambridge and Counties Building Society and Hampshire Trust Bank with, given the current economic climate, relatively reasonable rates of interest being obtained.

No loans are in existence either payable by or to the Council.

Conclusions and recommendations

The Council should ensure that surplus funds are appropriately protected against loss in the event of a bank's failure, whilst endeavouring to ensure that interest earning opportunities are maximised.

R15. The Council should consider a degree of diversification in the short-term placement of surplus funds into different banking institutions to afford cover in the event that any one bank might fail whilst endeavouring to maximise interest earning opportunities.

Statement of Accounts & AGAR

We are required as part of the IA reporting process to provide assurance to the external auditor that the financial detail reported in Section 2 of the AGAR corresponds to the underlying financial and other records of the Council and that appropriate arrangements exist for the identification and reporting of any year-end debtors and creditors due to or payable by the Council.

As a Council with an annual turnover in excess of £200,000 for the past three or more years, the Council is required to prepare its year-end Accounts / AGAR financial information on an Income and Expenditure basis. Due to the Covid situation and resultant effective closure of halls in the early months of 2021, we acknowledge that, other than VAT, there were unlikely to be any significant debtors at 31st March 2022: we are, however, concerned to note that no debtors (unpaid allotment rents), accruals or creditors have been identified at the financial year-end and recorded appropriately in the Alpha accounts software.

Conclusions

We are pleased to record that no additional issues arise in this area this year, although we would have anticipated the existence of a degree of debtors and creditors at the financial year-end, the only identified debtor being the final quarter's VAT reclaim.

We have duly signed-off the IA Certificate in the year's AGAR, although as indicated earlier in this report, we have had to give a negative assurance at Box M.

Rec. No.	Recommendation	Response
Review of Accounting Arrangements and Bank Reconciliations		
R1	The monthly review of reconciliations should be duly evidenced by the checking councillor by signing-off the bank reconciliation statements, together with the final page of each month's cashbook and the supporting bank statements as evidence of their confirming those values on the reconciliation statements.	<i>This was partially actioned during 2021-22.</i>
Review of Corporate Governance		
R2	The Clerk and Council must ensure that the website is updated to include detail of 5 years AGAR financial and other detail, as required by the Accounts and Audit Regulations 2015, also ensuring appropriate disclosure, as indicated in the 2020-21 external audit report, in the 2021-22 Governance Statement.	
Review of Expenditure & VAT		
R3	All payments, including direct debits and those made by Debit Card, should be subjected to evidenced member scrutiny and authorisation. albeit most probably post payment in respect of the Debit Card transactions.	
R4	Action should be taken urgently to expedite opening of the further bank account for use by the Youth Club Organiser(s).	
R5	The manner in which expenditure incurred by the Youth Club Organiser(s) is documented should be improved to ensure that the Finance Officer is provided with appropriate and complete documentation to support all such expenditure incurred.	
Assessment and Management of Risk		
R6	The existing risk register could usefully and should be expanded to incorporate greater detail of the potential management and governance risks facing the Council.	
R7	The level of Business Interruption – Loss of Revenue cover currently in place should be re-evaluated and uplifted to take account of the annual income received in normal circumstances from hire of the existing hall and the potential income arising when the new hall becomes operational.	<i>Cover has been increased to £20,000.</i>

Rec. No.	Recommendation	Response
Budgetary Control & Reserves		
R8	The Council should examine the level of retained reserves ensuring that the General Reserve Fund balance is increased to a more prudent level of a minimum of £70,000 by transfer from the Earmarked Reserves in line with the generally accepted guidance of between 3 and 12 months revenue spending.	
Review of Income		
R9	An appropriate liability / creditor code should be established in the Alpha accounts (in the 500 series) with the value of retained allotment deposits credited to that code and debited against the allotment income code by journal.	<i>This has been actioned in 2022-23.</i>
R10	All hall hirers, including regular hirers, should, in line with best practice, be required to sign a hire agreement form annually confirming understanding and agreement to the Council's Terms of Hire.	<i>Action in this respect has been agreed with the "DocuSign" software to be implemented in 2022-23 to facilitate hirers signing agreement forms appropriately "online".</i>
Petty Cash Account		
R11	The Council must ensure that its Financial Regulations reflect actual approved working practice as regards the use of cash income to "top-up" the petty cash account and that appropriate controls and an effective audit trail are put in place over such action.	
R12	In line with best practice, the physical petty cash holding should be checked and agreed to the underlying cashbook balance periodically during the year by an independent reviewer.	<i>This has been implemented accordingly.</i>
Review of Staff Salaries		
R13	To afford appropriate evidence that monthly salaries for staff working variable hours are appropriately paid with timesheets prepared by all such employees and the timesheets subjected to review, approval and certification by their supervising officer.	
R14	As recommended previously, the Council should consider assimilating all staff onto the nationally agreed pay scales for local government officers.	

Rec. No.	Recommendation	Response
Investments & Loans		
R15	The Council should consider a degree of diversification in the short-term placement of surplus funds into different banking institutions to afford cover in the event that any one bank might fail whilst endeavouring to maximise interest earning opportunities.	