

ISA260 Report Recommendations for year ended 31 March 2015

Appendix A

	Recommendation	Priority H/M/L	Management Response	Responsible Officer	Timescale	Status
1	The Council should ensure journals posted to the financial ledger have been independently reviewed as part of posting. Whilst we have noted this weakness in the operation of the control, we note that we did not identify any inappropriate adjustments as a consequence of this. This independent review should be supplemented by spot checks by a more Senior Officer to ensure the control is operating effectively.	H	<p>The protocol for processing journals has been recirculated to remind staff that all journals, including accruals, need to be signed off by a Team Leader or Senior Accounting Officer. The ability to authorise journals is strictly restricted to senior finance officers.</p> <p>The Accounting Services Manager will carry out spot checks three times a year to ensure the protocol is being followed.</p>	<p>Accounting Services Manager</p> <p>Accounting Services Manager</p>	<p>August 2015</p> <p>January 2016</p> <p>May 2016</p> <p>September 2016</p>	<p>Completed</p> <p>On target</p>
2	The Council should review its level of provisioning for bad debts, including those from individuals in receipt of Council Tax support, to determine the appropriate level of provisioning to apply.	M	The level of provisioning for bad debt is already reviewed annually as part of the closure of accounts process to ensure it is set at an appropriate level.	<p>Accounting Team Leaders (General Debtors)</p> <p>Chief Finance Officer (Council Tax/NNDR Debtors)</p>	Part of accounts closure	<p>Completed</p> <p>Completed</p>

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3	The Council should, on an annual basis, review the access rights of individuals to the financial system, to ensure they still require access, and the level of access is appropriate to their job role.	M	An annual review will be carried out by the Agresso Finance Support Team in conjunction with service budget holders.	Agresso Finance Support Lead Officer/ Service budget holders	February 2016	On target
4	The Council should ensure that all members complete declarations of interest forms to support the production of the accounts. This should be done on an annual basis, and timed so that the responses can be used in the production of the accounts. This could be aligned to the Council's electoral cycle, and also include updates to the Register of Members' Interests to be received by May each year.	M	Related party transaction forms are sent out in February each year for Statement of Accounts purposes. The forms are currently pre-populated with data supplied in the previous year's returns. Future returns will be pre-populated with information obtained from returns completed by Members for the Register of Members' Interests which are sent out in May each year. Members will be requested to confirm that the information contained on the form is correct or advise of any changes.	Accounting Services Manager	February 2016	On target

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5	Our testing of grant income has identified a number of errors in the application of the recognition criteria. Whilst the number of errors has reduced from the previous year, we would recommend the level of management review was increased to ensure the appropriate recognition criteria are adopted.	M	Accounting Service Team Leaders will review grant recognition criteria for all grant balances to be carried forward. A further review will be carried out by the Accounting Services Manager upon the consolidation of the data received from each of the Service Teams. .	Accounting Service Team Leaders Accounting Services Manager	February 2016 April 2016	On target On target
6	In the previous year we recommended that Procurement should be provided with details of Councillor and Senior Officer interests, to enable them to prevent orders from related parties without additional authorisation. We repeat this best practice recommendation here.	M	The Council is satisfied that the current control procedures being applied within the Procurement Team are sufficient.	N/A	N/A	N/A

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7	As part of our review of controls we identified that the payroll team do not operate a separation of duties control in the processing of amendments to standing payroll data, such as that relating to new starters, once the payroll clerk is deemed sufficiently experienced. All amendments to standing data should either be made via a self-service function by the individual themselves, or cross-checked by a second payroll clerk to ensure the amendment is legitimate and accurate.	M	The Council is satisfied that the current control procedures being applied within the Payroll Team are sufficient. Controls will be revisited as part of the implementation of a planned new payroll system in 2016.	N/A	N/A	N/A
8	The implementation of a new finance system, Agresso, presents a number of challenges to the Council including financial reporting. The Council may benefit from a "dry-run" of the closure of accounts, potentially at the end of December to ensure that all information required as part of the production of the financial statements can be readily and easily obtained, to facilitate faster preparation of the annual accounts as at 31 March 2016. This may also allow the Council to reduce the level of manual	M	The Council recognises the challenges presented following the implementation of the Agresso system but does not have the resources to carry out a full 'dummy' closure in December. Finance & Investment Officers have arranged to meet and consult with colleagues in a neighbouring authority who have already implemented Agresso during December in order to identify the key processes and risk	Technical Services Accounting Team Leader/ Agresso Finance Support Lead Officer	December 2015	On target

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8	intervention through off-ledger adjustments required between the Trial Balance and draft financial statements.		<p>areas relating to year end closure.</p> <p>The key tasks and deadlines will then be incorporated into the closure timetable.</p>	Accounting Services Manager	February 2016	On target
9	Our testing identified a significant level of cash receipts which had not been allocated against a debtor account at the year end. This could mean that debtors are chased for payment who have already paid, and lead to incorrect financial reporting. As part of the transition to Agresso, the Council should review their procedures to ensure as many receipts as possible can be matched automatically and minimise the level of manual intervention through off-ledger adjustments required between the Trial Balance and draft financial statements.	M	The issue revolves around cash receipts received in the two or three days straddling the financial year end date of 31 st March. Over this period the Authority received approximately £7.6 million of income and some of this was not correctly classified as debtors income in the old year due to the volume of transactions that required processing .However these receipts were rolled forward and dealt with correctly at the start of the new year and therefore did not result in debtors being chased for payments they had already made.	N/A	N/A	N/A

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10	As part of Fixed Asset testing we identified properties which had transferred to the Council shortly before the year end. As part of closedown procedures, such assets should be identified through discussion between relevant services, to ensure they can be captured and considered for re-valuation as necessary.	M	<p>All services will be reminded of the need to inform the Financial Planning Team of any Fixed Assets that have transferred to or from the Council.</p> <p>A reminder will also be included in the Closure of Accounts guidance notes that are circulated to all key council officers</p> <p>Details of transferring assets will also be included as a standing item on the agenda for the monthly Asset Revaluations meeting attended by the Head of Strategic Asset Management, Principal Surveyor and a representative from the Financial Planning Team.</p>	<p>Financial Planning Team Leader/ Service Heads</p> <p>Accounting Services Manager</p> <p>Head of Strategic Asset Management</p>	<p>January 2016</p> <p>February 2016</p> <p>Monthly from February 2016</p>	<p>On target</p> <p>On target</p> <p>On target</p>

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11	It is anticipated that the Code of Practice on Local Authority Accounting will adopt a change in the valuation approach for infrastructure assets from the 31 March 2017 Balance Sheet. The Council will be required to provide valuations as at 31 March 2017 and comparators as at 31 March 2016 of a Depreciated Replacement Cost (DRC) basis. The Council should ensure it has the necessary information regarding its infrastructure assets to procure the required valuations.	L	<p>Finance Officers will be liaising with Officers from the Transportation and Infrastructure Department to develop a data base to capture details of all the Council's Infrastructure Assets and agree the basis of valuations. An action plan will be drawn up identifying the key actions and milestone dates leading up to the implementation of the new code requirements.</p> <p>The draft CIPFA recommendations are also being appraised to ascertain the impact on the presentation of the Infrastructure Assets in the Statement of Accounts. Finance Officers will also be consulting with EY, the Council's Auditors, to seek their views on the Council's proposed changes in presentation.</p>	<p>Financial Planning Team Leader/Head of Transportation & Infrastructure</p> <p>Accounting Services Manager</p>	<p>February 2016</p> <p>February 2016</p>	<p>On target</p> <p>On target</p>

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12	When preparing invoices for leased properties, the Council should review the rent agreements to ensure that both a signed lease exists, and the full amount the Council is entitled to has been invoiced.	M	Asset Management Officers will carry out a twice yearly review of the leased property records in September and March to ensure signed lease agreements exist and the correct amounts have been invoiced.	Head of Strategic Asset Management	March 2016 September 2016	On target
13	The Council should review its intangible assets register to remove the gross cost and accumulated amortisation of fully amortised assets it no longer controls.	L	An Intangible Asset cleansing exercise will be carried out annually. Any fully amortised intangible assets that the Council no longer control will be removed from the asset register.	Financial Planning Team Leader	March 2016	On target