

**Recommended Finance Action Plan from the Responsible Financial Officer
Includes Recommendations Relating to the Internal and External Audit Findings 2018**

Issue	Auditor comments	RFO notes and additional points
External Audit	The Council has received a clean External Audit report. There were no concerns raised.	However, prior to issuing the report, further detail about the expenditure of the Council was requested and provided by the Responsible Financial Officer. The Council will wish to note that extra work will need to be undertaken to explain the inevitable adjustments to the way in which the Council is categorising and recording its expenditure as it adjusts from WDC's initially defined the budget to LTC's considered budget based on actual expenditure and need.
RBS Software and budget	<p>The Internal Auditor noted that there have been significant areas of financial activity, such as the purchase of the Box Office building and that the RBS software is now in use. He also identified the following issues should be addressed:</p> <ul style="list-style-type: none"> a) £330,000 investment should be identified as such and not as a payment b) £200,000 loan should be identified as such and not shown net of the £70 administrative fee (the latter which should be identified as an administrative expense) c) The reserves need to be reviewed including the CIL reserve to ensure there is an up-to-date position reflected <p>He also noted that at some point the Council would well advised to programme a comprehensive data security review by IT specialists in order to ensure the security and integrity of the RBS system and its data can be confirmed.</p>	<p>All new areas of ongoing expenditure, including any loan payments and insurance and any new income streams will need to be properly incorporated into the budget and recorded appropriately in the RBS software. Further staff training and supported will be accommodated to ensure:</p> <ul style="list-style-type: none"> a) Depth of cover for RBS software use b) Support for the creation of the new budget and future analysis and reporting of Council finances <p>The specific issues identified by the Auditor with how to account for certain types of financial activities are being addressed. Security and integrity of the system to be reviewed with ECCH IT support initially.</p>

Engagement	The Internal Auditor noted that a community survey has been undertaken and is being taken into account for the budget.	The community survey group would be looking at how to take forward the findings of the survey and at further surveys, including on North Denes. The Council will wish to ensure that all of its Full Council meetings which consider the budget are publicised as always publicly, highlighting the fact that they are budget meetings
Precept and budget 2019-20	The Internal Auditor noted that creation of the draft budget for 2019-20 is underway and that the Council has been receiving budget reports.	The Council will wish to ensure that the budgeting process continues apace and that the resultant precept determination is reported fully.
Policies and procedures	The Internal Auditor noted that the Council continues good practice in maintaining a wide range of formal policies and procedures and that these are being reviewed. He noted that the level of reserves is being maintained sufficiently.	All policies are being reviewed by Finance and Governance Committee. Some have also been reviewed by the Personnel Committee and recommendations have been made to Finance and Governance Committee. A decision on reserves has now been incorporated into a broader and more formal reserves policy and a new Anti-Harassment and Bullying and a Whistleblowing Policy have been developed. The Council should continue to develop appropriate policies as and when need is identified. All policies are taken to the Annual Meeting of the Council for consideration.
Powers	The Internal Auditor noted that the Council is a General Power of Competence Council.	The next ordinary elections in May 2019 will provide an opportunity, if the Council remains eligible, for a resolution at the relevant first and Annual Meeting of the new Council, to resolve to be a General Power of Competence Council again. This would be a useful part of the Council's financial risk management.
Code of Conduct	The Internal Auditor noted that a Code of Conduct is adopted and reviewed.	Review annually.
Banking and investments	The Internal Auditor noted that banking and investment arrangements have been established.	The Investments Policy is being reviewed and the reserves decision is being incorporated within a formal policy. Additionally the Council will review its best options for savings (with the DMO short-term savings coming to an end in November 2018) and new arrangements for Arnold's Bequest.
Land registrations	The Internal Auditor noted that land registrations remain an issue.	It is understood that WDC is now progressing land registrations at a greater pace and this needs to be monitored and any registrations need to be carefully checked.
Information Commissioner's	The Internal Auditor noted that the Council is registered	Council should note that all councillors have now been registered individually as data

Office requirements	with the ICO and that the Clerk advised the ICO of the new address for the Council. It was also noted that councillors were to be registered as data controllers.	controllers. Additionally, there needs to be a conclusion about whether the Council needs to be registered for CCTV, in addition to its contractor.
Data Protection Officer	The Internal Auditor noted that the Council is not required to appoint a Data Protection Officer but that the Deputy Clerk has been given a leading role on data and information management and has accessed training.	The Council should now formally note for clarity that no member of staff will formally be nominated as a 'Data Protection Officer'. The Deputy Clerk role now incorporates leading on data and information management. Job descriptions to be amended accordingly.
VAT	The Internal Auditor noted that VAT was being reclaimed.	VAT continues to be reclaimed. In addition, advice is being sought from the Council's VAT adviser. Council will have the opportunity to review the value of the subscription for VAT support.
S.113 agreement	The Internal Auditor noted the use to which the s.113 agreement is being put.	The S.113 needs to be further extended in respect of legal support. This is being progressed. All other elements of support under the agreement have expired.
Waveney Norse	The Internal Auditor noted the ongoing work to develop KPIs and an SLA with Waveney Norse.	This work continues alongside scrutinising performance and developing and embedding new policies in asset management which are being embedded where possible. Legal advice is being sought on the development of a Supplemental Agreement by WDC which we understand seeks to finesse the contractual arrangements between Norse, LTC and WDC>
Compliance and planned maintenance	The Internal Auditor noted the ongoing work on compliance, health and safety management and planned maintenance. Budget impacts of this, lease obligations and the need for a capital programme have been identified by Council and were noted by the Auditor.	This continues with regular reports to Committees and thereon to AID. Latest activities include introducing appropriate legionella checks and obtaining asbestos surveys. Significant work is afoot to identify planned maintenance and capital programme needs. However, the reality is that true costs will be difficult to determine owing to ongoing transition issues, such as gaps in information.
Risk management	The Internal Auditor noted that risk management is in place, including internal controls and insurance.	The Council's risk management measures will continue to be reviewed as new developments arise and annually, prior to the end of the financial year. The current insurance arrangement expires after three years.
Fees	The Internal Auditor noted that fees are reviewed and that a one-year trial was underway of use of leisure	A review of fees and charges needs to take place in advance of the budget being agreed. Information about increased usage of leisure facilities has been received.

	facilities being provided at no charge.	
Petty cash	The Internal Auditor noted that no petty cash system is in place.	The Council was minded to use small denomination pre-paid credit cards. However, these attract a fee and cannot be topped up. It is recommended that a rolling petty cash system is introduced under the control of and recorded by the Clerk to the same value as envisaged under the pre-paid card system. This will enable more transparent financial control.
Payroll	The Internal Auditor performed checks on the payroll records, which were found in order.	The Council needs to confirm that it is content to continue with Guy McGregor and Associates, noting the costs are slightly higher than envisaged where pension payments are also taken through payroll.
Asset register	The Internal Auditor noted that the Asset Register is to be reviewed.	This is an ongoing matter which will need to be finalised in preparedness for audit next year. There is a nominal value attached to each asset for audit purposes. There is also an insurance value based on current understanding of value for that purpose. The Council will benefit from a greater understanding of the true value of assets (and any associated liabilities) as and when it becomes possible to obtain the information required for this clarity.
Charities	The Internal Auditor noted the position on Arnold's Bequest.	Work on this is underway. The income should be transferred from WDC. The Charity registration should be completed and segregated banking arrangement should be established.