ANNUAL GOVERNANCE REPORT ACTION PLAN (V1)

Recommendation 1

Consider if there is one database or lease register that could be used to provide all of the lease information that the Council needs. If not then more robust links between the property databases and the information used by finance, including the fixed asset register should be developed.

Responsibility	Chief Accountant
Priority	High
Date	End of Feb2012
Comments	There is no one package that can provide the database requirements for A&CM and for Finance, work is being done to more closely align the information contained in each.

Recommendation 2

Revise arrangements and processes so that service and legal departments understand and provide what the finance function need to ensure the financial statements are complete and accurate for lease arrangements. For example, a generic form could be completed by departments as part of the procurement process. Similarly where the Council is the lessor the asset management department could complete a log of all changed and new leases which they provide to finance on a regular basis. The Finance function should be provided with copies of sales agreements and any side agreements such as leasebacks as a matter of course.

Responsibility	Chief Accountant
Priority	High
Date	Already completed
Comments	Arrangements have already changed, A&CM now provide details of all new leases as and when they happen, finance are also involved in terms of leases. Nplaw is now aware that finance need all documents related to sales agreements and any side agreements, Finance is also now being included in discussions prior to sales of investment portfolio.

Recommendation 3

Locate misplaced leases and ensure these are logged and secured in the Council's deeds safe.

Responsibility	Chief Accountant
Priority	Medium
Date	Already completed
Comments	All three have since been located; it is thought that staff were working on them at the time of the audit without signing them out. An email will be sent to A&CM staff reminding them of the requirement to sign out any documents being worked on.

Recommendation 4

Give early consideration to what valuation information is required from the district Valuer and internal Valuer's, and ensure that instructions are comprehensive. Numbers of properties, including garages should be fully reconciled to ensure that valuations are accurate.

Responsibility	Senior Technical Accountant
Priority	High
Date	Meeting held with A&CM 16 January, to be followed by email confirmation
Comments	Discussions are taking place as to information required; this has been expanded to include any Heritage assets held by the council.

Recommendation 5

Update the close down process to include an annual assessment of the fair value of investment property even when there is no intention to formally revalue.

Responsibility	Chief Accountant
Priority	Medium
Date	Discussed at meeting held with A&CM 16 January, to be followed by email confirmation
Comments	This will be included in the instructions to AC&M

Recommendation 6

Review the adequacy of the current system for recording fixed assets against the accounting requirements driven by the Code of Practice. Consider investing in bespoke software.

Responsibility	Chief Accountant
Priority	High
Date	
Comments	Bespoke software would not be appropriate as it is costly to produce & maintain. A business case has been prepared to support obtaining approval to move to tender for an appropriate package. It is envisaged that major changes within the FAR will be have been effected with the implementation of IFRS, therefore changes should relate to FRS30 Heritage assets, disposals & valuation changes.

Recommendation 7

Review the descriptions on the current fixed asset register and ensure that land is separated from other assets. Check that all depreciable assets have been identified and are being depreciated over their useful lives.

Responsibility	Senior Technical Accountant
Priority	Medium
Date	End Feb 2012
Comments	Descriptions on FAR are currently being matched and aligned to the A&CM database, some work on this was done in respect of NAIE during the closedown process for 2010/11. Land has been separated from other assets. The assets that were omitted from depreciation were the Council's share held of rent to mortgage properties which have a combined cost of £98.5k, the depreciation would have been £1.5k, this was an error of omission rather than asset not correctly identified as requiring depreciation.

Recommendation 8

Fully reconcile the fixed asset register and general ledger and ensure that the financial statements reflect the reconciled position when preparing the 2011/12 financial statements.

Responsibility	Chief Accountant
Priority	High
Date	End May 2012
Comments	This will be done, was difficult during 2010/11 due to the many reclassifications and changing lease treatment

Recommendation 9

Senior finance staff should ensure that a control account reconciliation review schedule is set and adhered to.

Responsibility	Chief Accountant/Finance Control Manager
Priority	High
Date	End Jan 2012
Comments	This control was in place in prior years, the spreadsheet & control will be resurrected

Recommendation 10

Build appropriate time into the closedown plan to ensure that key annual reconciliations, such as that for the Collection Fund, are adequately prepared.

Responsibility	Chief Accountant
Priority	High
Date	Year end 12/13 in progress
Comments	This will be done; the lack in relation to the Collection Fund 2010/11 was due to key staff loss. The resurrection of controls in recommendation 9 will show that most year end reconciliations are in fact done on a monthly basis.

Recommendation 11

Reinforce the need to ensure approval for new users is received before access to the Council's systems is given. Investigate the reasons for failing to disable system access for leavers and make necessary improvements to either the notification process or processing of notifications.

Responsibility	Service Improvement Manager
Priority	High
Date	No relevant

Comments	• No users are given access to any systems without authorisation. The Council used to have a separate form for PARIS access over and above the normal process that is generated by Workforce but this was abandoned part way through the year, as there was no added value in the form, the user would have to be on the Council's Workforce spreadsheet as it is for any other IT system therefore this is not an issue. The only time a separate form is required is when a person requires access to an additional system after initial set-up and this is done via a work request. • When a member of staff leaves, HR enter the leaving date onto Workforce, which automatically sends systems an email instructing them to disable access for that member of staff. Where the staff member is either a permanent or temporary paid via council payroll HR co-ordinate the process so they are aware of leaving dates and can action the necessary on Workforce. Where the staff member is agency based, HR is dependant on the manager communicating the leaving date – in the incidence identified above the line manager did not inform HR in a timely manner. An egrapevine will be sent to all reminding them of their responsibility in this matter and explaining the potential consequences of unauthorised access. However when staff leave their access card is disabled so they have no access to the systems – no remote access is ever given to temporary staff.

Recommendation 12

Obtain improvements to the requirements for setting passwords and for blocking system access following repeated access fails from the service provider

Responsibility	Service Improvement Manager
Priority	Medium
Date	March 2012
Comments	The ability to block access after multiple access failures is being investigated as is increased complexity of passwords, if possible these will be implemented

Recommendation 13

Introduce an end user computing policy and procedures to ensure that:

o   any developed spreadsheet for financial reporting is risk assessed and formally authorised for use;

o   end user developed spreadsheets/documents are stored on a network drive and backed up;

o   spreadsheets/documents are secured with password control and located on a restricted network drive; and

o   changes to spreadsheets/documents are documented and follow standard change control procedures at the Council.

Responsibility	Finance Control Manager/ Chief Accountant/ Service Improvement Manager
Priority	Medium
Date	

Comments	A risk assessment will be carried out to identify business critical spreadsheets

Although the Council doesn't have an end user policy as such most of the recommendations are already in the shared folder policy such as where files should be stored, how they should be protected and version control.

Spreadsheets created for year-end are not all technically difficult; therefore authorisation of all would represent potential bottle-necks for no particular gain.

Some spreadsheets are created by someone with the technical expertise that may not be held by others, therefore authorisation would be ineffective – however during 2010/11 some technically complex spreadsheets were sent to PWC to be checked.

There are many spreadsheets created both for year-end and for during the year, your work only detected 2 errors. Within any work people make errors and this level is relatively small. What will be put in place is the ethos of checking the output looks sensible given the calculation being done/compared to prior years etc.

All end user developed spreadsheets/documents are already stored on a network drive and are consequently backed up daily as part of the normal Council back-up processes.

Password protection of spreadsheets is against Council policy due to the risk of inability to access if password is forgotten or an unfortunate event happens to an individual. Spreadsheets are protected via restricted access to folders, which is often detailed down to a few individuals.

Changes to spreadsheets are not formally documented **but** versions are either numbered or have date suffixes. |

Recommendation 14

Complete the actions arising from my 2008/09 review of internal audit to ensure that the internal audit function is fit for purpose

Responsibility	Internal Audit Manager
Priority	High
Date	June 2012
Comments	The actions will be addressed in the coming months with a view to completing those in the control of the audit manager by June 2012

Recommendation 15

Consider the current backlog position on internal audit work and form a plan to address this.

Responsibility	Internal Audit Manager
Priority	High
Date	End January 2012
Comments	Following a quotation exercise we have appointed PwC to carry out five assurance reviews and three ICT reviews from the current audit plan. However, two members of the audit team are still working full time on NELM issues – the position regarding their availability to the end of March will not be clear until the end of January, at which time the options for completing the audit plan will be reassessed.

Recommendation 16

Urgently review the issues that contributed to a delay in the preparation of a set of certified financial statements and consider what changes need to be made to ensure the issue is not repeated in 2011/12. This should result in an Action Plan which should be monitored on a regular and timely basis to ensure the appropriate improvements are made. Appraise the Audit Committee of progress on a regular and timely basis.

Responsibility	Chief Accountant
Priority	High
Date	
Comments	The issues that caused delayed were not solely due to officers of the Council, of those that were many were implementation of IFRS issues which are non-recurring Any others will be addressed for 2011/12 – a year-end project plan will be drawn up including these issues and monitored.

Recommendation 17

Carry out an appropriate management review of the financial statements before the financial statements are presented for audit. This should include analytical review to detect areas of concern, arithmetical checks, internal consistency checks, cross referencing checks and checks to confirm that the disclosure requirements of the Code have been met.

Responsibility	Chief Accountant
Priority	High
Date	June 2012
Comments	It was always intended to carry this out prior to audit, however due to various issues time ran out. It will be carried out for 2011/12

Recommendation 18

Consider whether IFRS training should be extended within the finance function. Ensure that plans are in place to keep up to date with IFRS developments and emerging financial reporting issues.

Responsibility	Chief Accountant/Finance Control Manager
Priority	High
Date	January through May 2012
Comments	Significant IFRS training was given to two team members, there were two workshops for 10/11 one by PWC and one internal, the Finance Control Manager has enrolled in online training for a Certificate in International Public Sector Financial Reporting. Four staff will be attending the Audit Commission workshop in January 2012, of which two have not attended before. All staff have access to the code of practice guidance notes and are expected to read them and implement any required changes, in relation to their area of work

Recommendation 19

Give refresher training to Council members and officers on related party interests.

Responsibility	Chief Accountant/Finance Control Manager

Priority	High
Date	March 2012
Comments	Related party interests will be covered in the members' training programme and a session will be held with the Corporate Leadership Team.

Recommendation 20

Improve the working paper used to generate the related party transactions note. Ensure that all interests disclosed by Council members are included, carrying out a cross check to the members' register of interests and disclosures on the Council's intranet step. Include a rationale of why the disclosed interest does or does not constitute a related party under International Accounting Standard 24 (IAS24). Where interests should potentially be disclosed, provide a clear rationale as to whether separate disclosure in the related party transactions note is required. This must include consideration of materiality to both parties.

Responsibility	Finance Control Manager
Priority	High
Date	Already done
Comments	Working paper was improved in 2010/11 following discussion with auditor, these improvements will be carried forward for 2011/12 working paper

Recommendation 21

Update the group financial statements assessment annually ensuring any new relationships are captured. Ensure this is fully IFRS compliant

Responsibility	Chief Accountant
Priority	Medium
Date	May 2012
Comments	This will be done for 2011/12

Recommendation 22

Revisit the lease calculations for older leases during 2011/12 using the historic Bank of England base rates in force when each lease was taken out, plus a suitable premium.

Responsibility	Chief Accountant
Priority	Medium
Date	Already completed
Comments	This work has already been undertaken and the differences in value are minimal, also it is felt by colleagues in A&CM that the average yield is a more appropriate percentage than the BoE base rate as the latter is not related to land values.

Recommendation 23

When the Valuer next values the Airport Industrial Estate ask that the reversionary interests in the buildings contained in the leases are considered on an asset by asset basis to establish if the reversionary interest in the building is significant. Details of the lease including expiry dates will need to be provided to the Valuer.

Responsibility	Chief Accountant
Priority	Medium
Date	Not relevant
Comments	Due to the very significant length of time unexpired in respect of these ground leases, the district Valuer has not had regard to the reversionary value of the buildings at the end of the term in past valuations. As many of the buildings are old RAF buildings and hangers which have seen better days, the 40% reversionary value in 30 odd years time (when many the buildings will be 100 years old and originally built for war purposes) is not felt to be significant.