

Addendum to Section 1 – Annual Governance Statement 2015/16

We note the requirement to provide explanations to the external auditor for each 'No' response recorded in section 1 and to describe how we will address the weaknesses identified.

1. Yes
2. **No:** During the year it was identified that the process of transferring money electronically from the current account to the imprest account was being undertaken without two signatories. At the time that the council moved from a manual (two signatory cheque) system to on-line banking the audit advice was that the on-line system did not require two signatories (see attached email). This error was identified but not yet rectified. NATC will implement a process as outlined in our financial regulations for the release of funds.

We have also identified system and operating methods that do not currently meet with the level of control, or safeguards, that the Council feels is necessary in the running of the council's sports bar. Particular concerns relate to staff costs, purchasing controls, booking system and the incorporation of the bar budget within the Council budget. A Working Party has been examining the bar operation and the trading levels are being closely monitored. We are aware that we have multiple transactions, where orders are placed on the basis that the job description of the Bar Manager allows the manager to restock the bar at her discretion; without documented evidence that best value was sought on the purchase. It is felt that tighter controls are required. We are aware that we are operating a bar without clear objectives and a business plan in place, however a Working Party has been examining the bar operations and future plans are currently being prepared.

3. **No.** We believe we may have a potential non-compliance with EU regulations and it is our intention to seek further advice.
4. Yes
5. Yes
6. **No.** We have concerns that the current level of internal audit may not be sufficiently comprehensive for our needs, particularly in respect of the running of a bar. We intend to discuss our requirements with our internal auditor, and propose amending our finance orders to state that the Internal Auditor will, when the current contract expires, be changed every three years.
7. **No.** We are working hard to resolve the issues that have been brought to our attention by the internal and external auditors. Issues relating to the gaming machines have been dealt with, by removing the machines. Adherence to the spending budget is reviewed at each Full Council meeting with the full year to date figures examined. There are issues that needed to be addressed at a particular time in the council's year i.e. construction of a new budget system for the year 2016/2017, this has been completed. The issues surrounding the ARC, to which many of the matters relate, now has the support of a dedicated working party who are working closely with the Bar Manager to properly review performance and systems to address concerns.
8. Yes
9. N/A We are not a Trust.