

# Action plan

We have identified four recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2020/21 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
 <b>Medium</b>	<p>As part of our work on related party transactions, we identified several directorships on Companies House which were not shown on member and officer declarations of interest. No potential relationships or material transactions were identified that were previously undisclosed, however, it is advised that this control be incorporated going forward.</p>	<p>Carry out periodic Companies House directorship searches to enhance controls around the identification of related party transactions.</p> <p><b>Management response</b></p> <p><i>Agreed: all relevant officers and members will be reminded of the requirements for declarations of interest and periodic searches will be carried out.</i></p>
 <b>Medium</b>	<p>Management have considered the year end value of land and buildings not revalued in the period, and have not identified any material change to the carrying value. However, a formal assessment is not undertaken which would provide assurance that the carrying value is not materially different to the current value at year end. This would also highlight if further assets outside the rolling programme or material assets review require revaluation in year.</p>	<p>Conduct a formal assessment of assets not revalued in the period to gain assurance that the carrying value is not materially different to the current value at year end.</p> <p><b>Management response</b></p> <p><i>Agreed: the procedures for 2020/21 and future years accounts will be amended to incorporate this step</i></p>
 <b>Medium</b>	<p>The Council's 2019/20 outturn demonstrates that it is able to deliver ambitious transformation programmes. Given its heavy reliance on income generation to deliver a balanced budget, the Council will need to undertake further transformation to meet its medium term shortfall.</p>	<p>Carry out a post-implementation review of the Customer Connect programme, to ensure the benefits articulated in the original business case have been delivered against and to identify areas where the governance and financial management arrangements over savings delivery can be further strengthened.</p> <p><b>Management response</b></p> <p><i>Agreed: the review was underway with a draft report prepared in October 2020 during this audit but work on the report has been paused as the Council has been required to respond to a new Covid-19 lockdown with new support packages to be delivered to businesses and residents in the district. It is expected the report will now be produced early in the new year.</i></p>

## Controls

-  High – Significant effect on control system
-  Medium – Effect on control system
-  Low – Best practice

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 <b>Medium</b>	<p>Overall, actions taken by the Council during 2019/20 ensured that it entered the Covid-19 pandemic with levels of reserves informed by a robust MTFP that adequately identified and attempted to mitigate a number of key known risks and uncertainties. However, like all other organisations, the Council was unable to reasonably plan for a global pandemic within its current MTFP process. As the Council is heavily exposed to heavy reliance on car parking and other leisure related income to deliver its financial objectives, the impact on future revenue streams needs very close monitoring and management to maintain the Council's financial health.</p>	<p>Continue to closely monitor and report on the ongoing impact of Covid-19 on its financial health, including sensitivity analysis of various scenarios and impact on future revenue streams.</p> <p><b>Management response</b></p> <p><i>Agreed: regular reports have been prepared for Cabinet and Audit Committee on the risks and financial consequences of Covid-19 including the MTFP, the quarterly Finance Update reports and the quarterly performance monitoring reports. Car park income is particularly closely monitored and the Kendal Parking Study undertaken during 2019/20 will be refreshed to reflect changes in parking behavior and demand.</i></p>

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