

MINUTES OF A MEETING OF THE FINANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER, KING'S HOUSE,
THETFORD, ON TUESDAY 21st JUNE 2016

The Mayor, Councillor T J Jermy

Councillors

R F W Brame
C P R Burnett
R G Kybird
J Newton

M P Brindle
C Harvey
J C Moorman

Officers in attendance:

Sarah Lewis Acting Deputy Town Clerk/Finance Manager
Chris Crimmen Committee Secretary

Minutes

- 91/16 ELECTION OF COMMITTEE CHAIRMAN AND VICE CHAIRMAN FOR THE MAYORAL YEAR 2016/17
Chair
RESOLVED that Councillor R G Kybird be elected Chairman of the Finance Committee for the Mayoral year 2016/17.
Vice Chair
RESOLVED that Councillor M P Brindle be elected Vice Chairman of the Finance Committee for the Mayoral year 2016/17.
- 92/16 DECLARATIONS OF ANY DISCLOSABLE PECUNIARY INTERESTS
None.
- 93/16 APOLOGIES FOR ABSENCE AND NEW MEMBERS
None.
- 94/16 MINUTES
Resolved the minutes of the committee meeting held on the 19th April 2016, received by Full Council on the 26th April 2016, as a true record and be signed/initialled by the Chairman.
- 95/16 REVIEW OF ACTION POINTS
The Chairman reviewed last months action points:
 - The Allotments Committee are meeting on 7th July 2016 and will review the cost of clearing allotments when reallocating plots.
 - All Committees did include on April agendas a discussion regarding any required transfers to ear marked reserves at year end.
 - The ALP Committee did discuss and agree how they wish to the sum of £194,320 to be spent and invested.
- 96/16 INTERNAL AUDIT REPORT OF THE YEAR ENDED 31 MARCH 2016
The Finance Manager reported that this is the first year of a 3 year contract for internal audit services carried out by Ensors. The audit was carried out in two stages with a mid year visit in January 2016 followed by a final audit in May following the completion of the year end accounts process. The audit went smoothly and the resulting report showed the Council overall scored "substantial" for the "evaluation of control design" and "substantial" for "effectiveness of control operation". This means that "there is generally a sound system of internal control,

but there are some weaknesses which may place some of the system objectives at risk". Page 6 shows our score in each area. Most areas score green which is very good. There were 5 recommendations in all:

1. (p12) Approval of invoices takes place on all expenditure as set out in the financial regulations as one invoice in the sample tested was not authorised.
Management response "the invoice in question was a routine Total Butler invoice and the non signing was a pure oversight. The procedure for signing off payment runs is likely to change as a result of a change in personnel and all invoices will be checked for signature before approval for payment."
This was noted by the Committee.
2. (p13) Credit card usage. The Council should not breach the transactional limit of £1,500 as set out with Barclays and in the Financial Regulations.
Management response There were two purchases over the credit limit during the year relating to equipment bought for the Carnegie Room from a European supplier. In both cases the Town Clerk authorised the Finance manager to increase the limit on a temporary basis.
After a discussion Councillor T Jermy proposed and Councillor R Brame seconded that if an urgent purchase over the credit limit in future the Town Clerk should seek agreement from at least two members of the Finance Committee before proceeding with the purchase.
RECOMMENDATION: That if an urgent purchase over the credit limit in future the Town Clerk should seek agreement from at least two members of the Finance Committee before proceeding with the purchase.
3. (p14)(i) The process for the accounting for additions and disposals of capital expenditure is documented and the authorisation process in the manual. (ii) As a result of two key management personnel leaving after the year end it would be appropriate to update the procedures manual in order to document new personnel's administrative duties. It would be important to document these duties to ensure tasks are appropriately assigned to the new individuals to ensure adherence with the Council's financial regulations and procedures"
Management response The changes in personnel occurred after the year end but procedures have been up dated for the new appointments where necessary. It has been agreed that in future any disposals of significant assets should be noted in the relevant committee, stating the method of disposal and any proceeds received.
This was noted by the Committee and a policy will be formulated and included in the procedures manual.
4. (p15) Introduce a signature or evidence of a check as part of the VAT returns process to indicate that the Town clerk has checked and approved the return as satisfactory.
Management response "In future all VAT returns will be reviewed and signed off by the Town Clerk"
This was noted by the Committee.
5. (p16) Ensure procedures are updated to reflect changes in staff and consideration is given to notice periods of staff in critical positions.
Management response "When the audit took place the key member of staff had not left. The tasks allocated to the RFO are signing off salaries, payments and bank reconciliations. The acting town clerk has completed these tasks since his departure.
After a discussion Councillor T Jermy proposed and Councillor M Brindle seconded that the comments regarding the notice periods of staff in critical positions will be referred to the Personnel Committee for consideration.
RECOMMENDATION: The comments regarding the notice periods of staff in critical positions will be referred to the Personnel Committee for consideration.

97/16

FINAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

The Financial Manager reported that these final accounts supersede the first draft accounts that were presented to Finance on 19th April and Full Council 26th April 2016. The reported surplus in the first draft was £22,768 and has been reduced in this final draft to £8,759. The difference is explained on p 43 of the pack. In summary the reduction in surplus of £14,009 (£22,768 - £8,759) are adjustments regarding investments of £11,675 and late accruals of £2,334. A brief commentary on the accounts is included on pages 33 to 35 of this report. After a discussion Councillor R Brame proposed and Councillor T Jermy seconded to adopt the Final accounts for the year ended 31 March 2016 showing a surplus of £8,759 including transfers to and from reserves.

RECOMMENDATION: To adopt the Final accounts for the year ended 31 March 2016 showing a surplus of £8,759 including transfers to and from reserves.

The Finance Manager referred to a list of transfers to reserves which was provided on page 36 and 37 (schedule A) of the report and needs to be formally agreed and minuted. If you exclude other expenditure that was covered by reserve transfers and grants and transfer to reserves the Council finished 2015-6 with a surplus of £116,415, or £115,537 under budget. After a discussion Councillor R Brame proposed and Councillor T Jermy seconded to approve the transfers from reserves of £587,961 and transfers to reserves of £576,202 as referred to in Schedule A, page 36 & 37 of the attached report .

RECOMENDATION: To approve the transfers from reserves of £587,961 and transfers to reserves of £576,202 as referred to in Schedule A, page 36 & 37 of the attached report .

98/16

ANNUAL RETURN FOR THE YEAR ENDED 31 MARCH 2016

The Finance Manager reported that the Council need to receive and approve the Annual Return for 2015-16 and to agree and complete the Governance statement therein and note the dates set for the Exercise of Electors Rights. Pages 39 -42 (of the report relating to the previous agenda item) detail the reconfiguring of the accounts for inclusion into the Annual Return and the accompanying schedules required. The figures on page 39 have been transferred on to section 2. The internal auditors have completed their section on page 5 of the Annual Return and the Council are now required to confirm their agreement to the Annual Governance Statement. Detail for this was included in the last full council (agenda item 32/16) where the questions were listed, their meaning and how we have achieved them. This cannot be agreed formally until the Internal Audit report is received and agreed and this recommendation has now been made to Full Council in agenda item 96/16 above. The notice of appointment of date for the exercise of electors' rights was posted 17th June 2016 and the dates are between 1st July 2016 to 11th August 2016. After a discussion Councillor C Burnett proposed and Councillor R Brame seconded to approve the Accounting statements figures as inserted in section 2 of the Annual Return for 2015-16 and to agree and answer yes to questions 1 to 9 of the Annual governance statement Section 1 of the Annual Return for 2015-16 .

RECOMMENDATION: To approve the Accounting statements figures as inserted in section 2 of the Annual Return for 2015-16 and to agree and answer yes to questions 1 to 9 of the Annual governance statement Section 1 of the Annual Return for 2015-16 .

At this point Councillor C Burnett left the meeting.

99/16

APPOINTMENT FOR THE REVIEW OF THE EFFECTIVENESS OF INTERNAL CONTROL FOR 2016-17

The Chairman asked for nominations for two committee members to carry out this role. Councillor R Brame proposed and Councillor C Harvey seconded to appoint Councillor R Kybird and Councillor M Brindle to carry out the role of reviewing the effectiveness of internal control for 2016-17.

RESOLVED: To appoint Councillor R Kybird and Councillor M Brindle to carry out the role of reviewing the effectiveness of internal control for 2016-17.

100/16

MONTH ONE AND TWO (2016-17) FINANCIAL REPORTS AND SCHEDULE OF PAYMENTS

The Chairman To received the report and reviewed any variances from budget. The Finance Manager summarised:

- The underspend after month two is £29,645 and is mainly due to expenditure not accruing evenly over the year.
- It is too early in the year to draw any conclusions about the sufficiency of the budget but already potential savings have been recognised in the following areas: salaries, bus station utilities, insurance.
- We are waiting to receive the grant from Sortit and we have not received the £7,000 re St Peters Wall.
- The purchase of the new van agreed at May full council for £221.25 per month for 3 years has been modified slightly to include a tailgate/ window back door and a window at the back of the cab as this is considered safer by the works team. The additional cost of this is £11.58 per month and will be covered by budget (subject to below). The Chairman of Finance had been consulted and had agreed this but she asked for formal approval. The Committee noted and approved this increase of £11.58 per month.
- The £6,000 in the budget (transfer to reserves) for purchase of new van is required to be transferred to Maintenance Van leasing costs (N/C 7807) together with £2550 from N/C 7811 RFL/Maintenance. This will give a new budget of £8,550 to cover the following costs: leased transit £4,425, new leased van £2,790 and the balance to cover sundry other costs associated with the works foremans van etc. This will leave £16,450 in reserves for purchases of other vehicles if required.

RESOLVED: To transfer £6,000 from Nominal Code 8015 (New Vehicle Purchase) and £2,550 from Nominal Code 7811 (Road Fund Licence/Maintenance) to new code 7807 (Van Leasing Costs).

Councillor R Kybird proposed and Councillor R Brame seconded to adopt the financial report for month 1 and 2 (2016/17) and approve the payment schedules contained therein.

RECOMMENDATION: To adopt the financial report for month 1 and 2 (2016/17) and approve the payment schedules contained therein.

101/16

INSURANCE REVIEW AND TENDER

The Finance Manager had reviewed insurance cover and received tenders for the renewal of insurance for 2016 to 2019. Three quotations were sought as this is a specialist field and not many insurance companies provide for Councils. Each company was sent a list of our assets and GW Staniforth's assets plus a list of our current cover and asked to quote on that basis. Quotations were also sought for vehicles. 3 quotations were received and a comparison list was tabled for Councillors. The figures quoted are for 3 year deals. Last year the combined insurance cost over £23,000 so the reduction this year is significant.

The Officer recommendation was to appoint Zurich as our insurers as they have provided the cheapest quote based on cover required.

RESOLVED: To agree the adequacy of insurance cover detailed and to re appoint Zurich as the Council's insurers for the next 3 years at a premium of £14,354 plus £1,622 for vehicle insurance.

102/16

TELFORD WAY LEASE

The Chairman stated the Council need to review and agree the renewed Telford Way lease. In previous meetings it was agreed to accept a rent rise of £346.50 per annum (from £5,775 to £6,121.50) from January 2016 and extend the lease for another 3 years with an 18 month break clause included. The lease has now been received and sent to MCP to review. Councillor C Harvey proposed and Councillor J Moorman seconded that the Council agree the lease extension for Telford Way for three years to January 2019 at an annual rent of £6121.50 (subject to our solicitors agreement). The agreement will be signed in due course by the Mayor.

RECOMMENDATION: To agree the lease extension for Telford Way for three years to January 2019 with an 18 month break clause at an annual rent of £6121.50 (subject to our solicitors agreement).

103/16

INVESTMENT REVIEW

The Council had notified Barratt and Cooke that they had decided to invest a further £160,000 (relating to play park commuted sum). Barratt and Cooke expressed their concerns about the EU vote on 23rd June 2016 and the possible impact on share prices. With most of its clients, Barratt and Cooke had tried to mitigate this risk by investing outside the EU but the Town Council's investment policy does not allow for investment outside the UK which, they felt, could leave the Council exposed. In any event they advised that we should hold back investing the additional sum until markets had settled. The Finance Manager emailed all councillors of these concerns as she felt it was important to communicate the professional advice afforded to us. Of those that responded (3) the advice was to go with Barratt and Cooke's advice and delay so the investment has not been made.

The Committee noted these remarks and agree to delay the investment of £160,000 with Barratt and Cooke due to market conditions, as advised by William Barratt.

In brief, the cost of investment made to 31 March 2016 was £733,483. The valuation at 05/04/16 was £719,977 and the loss on sales included in the 2015-16 accounts was £11,020. The latest valuation received at 01/06/16 was £732,559.

104/16

DIRECT DEBIT REVIEW

The Finance Manager had produced a schedule of the Council's current direct debits as they are required to be reviewed every two years (Financial Regulations 7.1).

These direct debits were discussed and it was noted that the Committee were satisfied with the table and answers given.

105/16

CONTRACT RENEWAL UPDATE

The Finance Manager have prepared a list of contract going out to tender so the Finance Committee can keep track of tenders put out by other committees as this will aid financial planning and budgeting:

This will also focus committees on whether the finance is available within budget, from earmarked reserves and grants, or whether the Finance Committee need to be approached to approve expenditure from another source. This was noted by the Committee.

The following contract were highlighted as coming up for renewal

- Employment advice and insurance 31/05/2017 Personnel

- Servicing of church clocks (specialist) 2017 onwards Amenities
- Hanging basket watering 2017 onwards Amenities
- Installation of Christmas Lights 2016 onwards Amenities
- King's House Garden maintenance 2017 onwards GW Staniforth

106/16 REMINDER TO COMMITTEES TO REVIEW FEES

The Finance Manager stated she will remind committees to review fees ahead of the start of the budget setting process. As there will not be any committee meetings until October, budgets will need to be discussed at informal committee meetings and there will need to be liaison between officers responsible for committees and the chairs of those committees so that draft budgets are available for approval at October committee meetings. First draft budgets are usually presented in October followed by final budgets in November as there are usually no finance and full council meetings in December. The Committee agreed to remind all relevant committees to review fees ahead of the start of the budget setting process which will begin in September.

107/16 REVIEW OF DEBTORS AND POTENTIAL WRITE OFF ACTION

The Finance Manager reviewed the debtors list she had tabled for Councillors information. As there was virtually nothing overdue Councillor agreed no action is needed.

108/16 ITEMS OF URGENT BUSINESS

The Finance Manager reported as she is on holiday in July there is no meeting. A meeting is scheduled for the 23rd August 2016 and it was agreed to leave this on the calendar as an emergency meeting if the Chair and Vice Chair agree to hold the meeting. (this decision would be made by 15th August 2016)

109/16 PRESS RELEASES

None.

Chairman.

ACTION POINT	BY WHOM	BY WHEN
To review the procedures manual regarding disposal of significant assets.	Finance Manager	ASAP
To review notice periods of staff in critical positions	Personnel Committee	ASAP
To chase up payment of £7,000 for St Peters Wall.	ALP & Finance Manager	ASAP
To inform all Committees that they should arrange an informal meeting to review fees and agree a draft budget ready to present to their October 2016 meetings.	Finance Manger/ Committee Chairs/Officers	ASAP

