

MINUTES OF THE MEETING OF THE FINANCE COMMITTEE,  
HELD IN THE CARNEGIE, CAGE LANE, THETFORD ON TUESDAY  
20th SEPTEMBER 2021, STARTING AT 6.00 P.M.

Councillors:

R F W Brame (Vice Chair), B J Canham, C Harvey,  
J Hollis, J James (Chair), B J Tullett

Officer in attendance:

Alan Yorke Finance Officer and Deputy Town Clerk  
Chris Crimmen Committee Secretary

MINUTES

338/21	<u>DECLARATIONS OF ANY DISCLOSABLE PECUNIARY INTERESTS</u> None.
339/21	<u>APOLOGIES FOR ABSENCE</u> None.
340/21	<u>MINUTES</u> <b>RESOLVED: The minutes of the committee meeting held on 20th July 2021 which were received by Full Council on 29th July 2021, as a true record and signed/initialled by the Chairman.</b>
341/21	<u>CONTRACTS UPDATE</u> The Chair asked councillors to note the attached schedule of contracts which had been circulated prior to the meeting. There were no questions and the schedule was noted.
342/21	<u>COMMITTEE FINANCIAL DECISIONS</u> The Chair asked councillors to note the attached Committee Financial Decisions schedule which had been circulated prior to the meeting. There were no questions and the schedule was noted.
343/21	<u>APPROVAL OF PAYMENTS</u> The Chair asked councillors to receive and approve the attached listings of payments (see Appendix A payments A-E) made since the last meeting. These listings had been circulated to councillors and after a discussion Councillor B Tullett proposed and Councillor B Canham seconded: <b>RECOMMENDATION: That Thetford Town Council approve the making of the payments A-E (see Appendix A).</b>
344/21	<u>FINANCIAL REPORT FOR THE 5 MONTHS TO 31 AUGUST 2021</u> The Chair asked Councillors to receive and approve the financial report (see Appendix B) for the five months to 31 <sup>st</sup> August 2021. The Chair and Finance Officer answered Councillors questions on the Financial Report and after a discussion Councillor B Canham proposed and Councillor B Tullett seconded: <b>RESOLVED: That Thetford Town Council adopt the income and expenditure reports (attached in Appendix B) for the five months to 31<sup>st</sup> August 2021.</b>
345/21	<u>REVIEW OF THE FIRST REVISED BUDGET FOR 2021/22</u> The Chair asked Councillors to review and discuss the first revised budget. The Finance Officer reported the first revised budget has been tabled and noted at most of the Committee meetings. There is no change to the budget at this time and Councillors noted why the Officer is being prudent and cautious at this time (see Appendix C). Councillors noted the attached report.
346/21	<u>REVIEW OF THE PROPOSED INTERNAL AUDIT TENDER</u> The Finance Officer reported Thetford Town Council is currently exempt from an annual full external audit but due to its size is required to have a limited assurance review by the external auditor appointed to do such reviews. He has

	prepared a tender document (see Appendix D). There followed a discussion and Councillor C Harvey proposed and Councillor B Canham seconded: <b>RESOLVED: That the Finance Committee approve the internal audit tender (see Appendix D).</b>
347/21	<u>UPDATE ON THE STATUS OF THE VAT REVIEW</u> The Finance Officer updated the Committee on the status of resolving the VAT challenges faced by the Council. There is a risk that the Town Council has been accounting for its VAT incorrectly. Lovewell Blake were approached to provide guidance and have been doing so. The Town Council has two challenges; to correctly account for VAT going forward and to correct any previous mistakes that have occurred previously. The Officer has produced an update on this matter (see Appendix E) and this was discussed and noted by the Committee.
348/21	<u>UPDATE ON FINANCE OFFICER'S REFORMS</u> The Finance Manager asked councillors to receive and note the attached Finance Officer's reforms (see Appendix F). He reported that he had added Staff Timesheets and Holidays and the Event Booking system. The update was noted by Councillors.
349/21	<u>CORRESPONDENCE</u> The Finance Officer asked Councillors to note and consider the investment schedules from that had been sent Barratt & Cooke.
350/21	<u>COMMITTEE OFFICERS UPDATE</u> The Finance Officer reported both the Shambles have now been finished and are ready to be let.
351/21	<u>COMMUNITY ENGAGEMENT</u> None,

Chairman.

## APPENDIX B

### ITEM 344/21 FINANCIAL REPORT FOR THE 5 MONTHS TO 31 AUGUST 2021

#### Overview

The reports in the following pages contain information on the finances of the Town Council as at 31 August 2021.

There is a summary sheet which has columns that shows the actual amounts for the financial year ended 31 March 2021 YTD, the actual amounts for the 5 months ended 31 August 2021, the budget amounts for the 5 months ended 31 August 2021, a variance between the latter two amounts and the original budget for the full year ending 31 March 2022.

There are also separate supporting schedules showing income and expenditure for each nominal account which provides more information on the amounts shown in the summary.

The comments in those schedules relate to the variance between the 31 August 2021 actual amounts and the 31 August 2021 budget amounts.

#### Findings

The activities of the Council have been impacted by COVID 19, and this reflects in the summary income and expenditure statement.

Overall, income for the 5 months is marginally higher than budget (£485,841 versus £476,030). However, some of this is due to timing where a grant has been received earlier than budget (see N/C 4424 in the income nominal code schedule). Property rental income will likely be lower than budget at year-end but this should be offset by higher investment income and project grants.

Expenditure for the 5 months to 31 August 2021 is lower by £40,338 (£356,002 versus £396,340). There are some cost savings on the salary, trees and open space management budgets but there is also some significant spending on toilets which was not budgeted. The savings against budget for the 5 months ended 31 August 2021 are encouraging but may need to fund shortfalls in income. It would therefore be inappropriate to vire these expenditure savings until there is more certainty through the passage of time.

### **Recommendation**

It is recommended that the Financial Report for the 5 months ended 31 August 2021 be approved by the Committee

## **APPENDIX C**

### **ITEM 345/21: REVIEW OF FIRST REVISED BUDGET FOR 2021/22**

#### **Introduction**

The Council has a relatively high proportion of non-precept income and it is this income that has been adversely impacted by COVID 19. The 2021/22 budget was prepared on this reduction in non-precept income, meaning that expenditure was reduced to the lower income. When approving the budget for 2021/22, it was resolved that the 2021/22 would be reviewed in year and if there was a recovery in non-precept income, then some of the expenditure cuts would be re-instated.

The purpose of the first revised budget is to assess whether there is the need to revise expenditure upwards.

The revised budget summary is attached.

#### **Findings**

The first revised budget has been tabled and noted at most of the Committee meetings. The first revised budget shows that there may be an increase in income over what was originally budgeted by approximately £22,000. The revised expenditure budget forecasts that revised expenditure may be lower than the original budget by an amount of £22,400.

These variances are not sufficiently high to consider the reinstatement of expenditure cut from the original budget for 2021/22.

The reasons supporting this assertion are as follows: -

1. The winter season and the risk of some form of restrictions returning which will impact on non-precept income.
2. There is a risk that some of the savings in expenditure so far are timing and that expenditure in the last half of the year may be higher than forecast in the revised budget.
3. The value of the differences between the revised budget and the original budget are too small to consider an expenditure re-instatement.
4. Some of the savings are due vacancies in the staff structure and these will need to be filled to ensure organisational efficiency is improved.

## **Recommendation**

It is recommended that no significant changes be made to the attached revised budget summary.

## **APPENDIX D**

### **ITEM 346/21 PROPOSED INTERNAL AUDIT TENDER**

### **THETFORD TOWN COUNCIL IS SEEKING A REGISTERED AUDITOR TO UNDERTAKE AN INTERNAL AUDIT FOR THE 2021/22, 2022/23 AND 2023/24 FINANCIAL YEARS**

#### **TTC/21/005**

## **INTRODUCTION**

Thetford Town Council is currently exempt from an annual full external audit but due to its size is required to have a limited assurance review by the external auditor appointed to do such reviews.

The Town Council and its external auditor rely on a detailed review of internal controls as well as the adequacy of accounting procedures by an internal auditor appointed by the Town Council. This requires the appointed internal auditor to complete an internal audit certification for the Accountability and Governance Annual Return (AGAR). The purpose of this tender is to request an internal auditor to provide this service.

## **INTERNAL AUDIT CERTIFICATION REQUIRED FOR THE AGAR**

The appointed internal auditor will be required to sign the relevant section of the AGAR which currently requires the internal auditor to comment on whether or not: -

- Appropriate accounting records have been properly kept throughout the financial year.
- Thetford Town Council complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.
- Thetford Town Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.
- The precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.
- Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.
- Salaries to employees and allowances to members were paid in accordance with Thetford Town Council's approvals, and PAYE and NI requirements were properly applied.
- Asset and investments registers were complete and accurate and properly maintained. Periodic bank account reconciliations were properly carried out during the year.
- Accounting statements prepared during the year were prepared on the correct accounting basis (receipts trail from underlying records and where appropriate debtors and creditors were properly recorded).
- Thetford Town Council, during the previous year correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).

- Thetford Town Council has complied with the publication requirements of the AGAR for the previous financial year.

These assertions may change from one year to the next but are unlikely to be significantly different over the period of the proposed appointment. The appointed internal auditor will need to do sufficient internal audit procedures to be able to confirm whether or not there has been compliance with these assertions.

In the case that the internal audit is not able to confirm compliance, there is the expectation that these instances of non-compliance will be included in an internal audit report containing practical recommendations for improvement.

It will be expected that the internal audit service provider will be effective and add value. In addition to the work required to sign the relevant section of the AGAR (see Part A above), it is expected that the internal auditor service provider will: -

1. Prepare an annual audit plan which will be discussed with the Town Clerk and tabled at a Finance Committee meeting so that there can be additional input and oversight into the internal audit procedures that need to be carried out.
2. Have significant experience of auditing local and parish councils' sector and will be able to highlight latest best practice in the sector.
3. Have sufficient capacity to complete their work by no later than 31 May each year.

## **OTHER INFORMATION**

Thetford Town Council uses SAGE 50 Cloud as its primary accounting system. During the 2020/21 financial year, it introduced paperless accounting records as well as the virtual signing of financial and other records due to the COVID 19 crisis.

## **TENDER REQUIREMENTS**

The written tender response should contain the following information: -

1. Details of registration to a professional organisation.
2. Experience in auditing local and parish councils.
3. Details of professional indemnity insurance.
4. Sample internal audit plan for the annual internal audit with timeframes.
5. The fee for undertaking the work for each of the 2021/22, 2022/23 and 2023/24 years,

Sealed inner envelopes to be marked 'Internal Audit Services' for the attention of the Town Clerk, Thetford Town Council. Electronic submissions cannot be accepted due to restrictions in our Financial Regulations.

***Please note that tenders that do not include all the above may be discarded.***

## **FURTHER INFORMATION**

Further information can be obtained from Alan Yorke, Deputy Town Clerk and Finance Officer by phoning 01842 754247 or emailing [alanyorke@thetfordtowncouncil.gov.uk](mailto:alanyorke@thetfordtowncouncil.gov.uk)

In order to comply with the Local Government Transparency Code 2014, details of the winning contract may be published on the Council's website and minutes. The submission of a tender is deemed to be an acceptance of this requirement.

## **CLOSING DATE**

***The closing date for the tenders is 12 noon, Friday 8th October 2021.***

Submission Address: The Carnegie, Cage Lane, Thetford, Norfolk, IP24 2DS

## APPENDIX E - ITEM 347/21 UPDATE ON THE VAT REVIEW

### Introduction

There is a risk that the Town Council has been accounting for its VAT incorrectly. Lovewell Blake were approached to provide guidance and have been doing so. The Town Council has two challenges; to correctly account for VAT going forward and to correct any previous mistakes that have occurred previously.

The Finance Officer gave a commitment to the Finance Committee that this matter would be resolved by 7 August 2021, which is the date the last VAT return was submitted. This has not been achieved.

### Challenges faced

The challenge faced is the difficulty of accounting for VAT correctly going forward and more importantly to demonstrate this in the accounting systems. There are 3 elements to VAT that the Council has to consider.

VAT on Business Activities	It is likely that this VAT is being accounted for correctly.
VAT on Non-Business Activities (the majority of VAT transactions)	It is likely that this VAT is being accounted for correctly. However, it is being claimed through the MTD VAT submission rather than through a VAT 126 (and has been going so since 1974)
VAT on Exempt Activities	It is not known whether VAT is being accounted for correctly. This is the focus area that needs to be addressed.

The Finance Officer has devised an accounting system (still using SAGE 50 and the current chart of accounts) that will more clearly identify transactions that fall into one of the three categories above and will be testing this for the VAT period 1 October 2021 to 31 December 2021. Once this has been done and tested, it can be applied historically to determine any possible over-claim of VAT.

This is for noting purposes.

## APPENDIX F \_ ITEM 348/21: UPDATING OF THE FINANCE OFFICER REFORMS

This document is updated monthly and tabled at Finance Committee meetings. Where the reform has been fully implemented, it has been removed from this schedule after being reported to the Finance Committee. The rows that are highlighted in grey have been updated or are new since the last meeting.

Focal Area	Current Situation	Proposed Reform
<b>ORDERING AND BUYING</b>		
Contract management and property rental management	 There is no contracts register to monitor when contracts lapse. There is no property rental register which contains break clause and property rental review dates for some of the TTC self-administered properties.	Institute an electronic contracts register that sends out reminders on key dates. Very little progress but have started with certain contracts. Property rentals are being transferred to third parties for both GWS and the Council.
<b>BUDGETS</b>		
Project Budgeting	 Projects are being budgeted in one financial year but	Need to devise new projects budgeting methodology to enable better planning

Focal Area	Current Situation	Proposed Reform
	sometimes are being finalised in the following financial year. Undermines the annual budgeting process	of the financing and monitoring of projects. Will need to be in place when Financial Regulations updated.
<b>VAT</b>		
VAT	 VAT may not be applied in accordance with legislation.	Further meeting was held on 25 February and methodology developed. <b>See Item 347/21 where this was discussed.</b>
<b>OTHER PROJECTS</b>		
Staff timesheets and monitoring of annual leave	 A significant amount of time has been spent on reviewing and processing timesheets. The Council's system regarding the recording of leave is also cumbersome and time consuming.	We are looking at a new system to do this. We are co-ordinating with a proposed system that will be put in place at the Carnegie to be COVID 19 compliant. <b>SYSTEM NOW PROCURED AND CURRENTLY BEING IMPLEMENTED. NEW SYSTEM WILL GO LIVE FROM 1 OCTOBER 2021.</b>
Develop accounting and authority mandates between GWS and the Council.	 There is currently no clear mandate between GWS and the Council. There is also no budget.	These need to be developed and put in place by 1 April 2021 ( <b>for approval at next GWS meeting</b> ). <b>Was tabled at GWS meeting on 15 July 2021. Will be discussed at next GWS meeting.</b>
Cost asset renewal maintenance plans	 There is no basis of ensuring that there is the financial capacity to renew assets when required.	Conditional assessments need to be done on all play park and other equipment/assets. A replacement plan needs to be prepared and costed. Contributions to the Renewal Reserve calculated to ensure ongoing renewal can occur. <b>THIS WILL TAKE ABOUT 6 MONTHS TO COMPLETE.</b>
Reform the event booking system. Improve accuracy of revenue recognition.	 Ensure that revenue is recognised when earned rather than when received. Put in place a system that transfers revenue from deferred income to income.	This has been devised and fully implemented.
Put in place a new POS system and introduce a stock monitoring system for the bar and tearoom.	 There is no management information on bar or tearoom sales. There is no assurance that all goods purchased are sold.	A POS system has been acquired and is currently being used in the bar. Will be replicated in the Guildhall Tearoom. Introduce a stock monitoring system to reconcile recorded sales to movements in stock.
Redraft the scope of the annual internal control review required in terms of the Financial Regulations.	 The Council's annual internal control review framework is not effective nor is it representative of latest best practice. A new framework that enables councillors to have a more effective review needs to be developed.	This annual review will need to be incorporated into the new Financial Regulations. <b>WILL BE TABLED AT THE NEXT FINANCE COMMITTEE MEETING IN OCTOBER 2021.</b>

#### Traffic light system

Green – Good progress made – nearly or fully implemented

Amber – Started but still being developed/implemented

Red – Little or no progress