



Yeovil Town Council

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Policy, Resources and Finance Committee

The Meeting... **Policy, Resources and Finance Committee**

The Time... **7.00pm**

The Date... **Tuesday 25 March 2008**

The Place... **Town House, 19 Union Street, Yeovil**

The Committee will be discussing all the items listed overleaf

If you need this information in large print, Braille, audio or another language, please ring 01935 382424



QUALITY
TOWN
COUNCIL

Alan Tawse

Alan Tawse
Town Clerk

18 March 2008

Please contact Alan Tawse at the Town House for more information about this meeting

To All Members of the Policy, Resources & Finance
Committee:

J Vincent Chainey
Philip Chandler
Bridget Dollard
Tony Fife (Vice Chairman)
Julian Freke
John Grana
John Hann
Andrew Kendall
Tony Lock (Ex-officio)
Ian Martin
Pat Martin
Wes Read (Ex-officio)
David Recardo (Chairman)
Alan Smith

A G E N D A

Public Comment (15 minutes)

1. **MINUTES**

To confirm as a correct record the Minutes of the previous meeting held on 29 January 2008.

2. **APOLOGIES FOR ABSENCE**

3. **DECLARATIONS OF INTEREST**

4. **CORRESPONDENCE**

5. **APPLICATIONS FOR GRANT AID**

(Circulated separately)

PAGES

6. **CAPITAL FUND**

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7. **RISK MANAGEMENT STRATEGY 2008/09**

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8. **BEST VALUE**

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9. **NALC CONFERENCE 2008**

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10. **FINANCIAL STATEMENT – DECEMBER 2007/JANUARY 2008**

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Public Comment (15 minutes)

EXCLUSION OF PRESS AND PUBLIC

The Committee will be requested to pass a resolution excluding the press and public from the remainder of the meeting in accordance with Section 1(2) of the Public Bodies (Admission to Meetings) Act 1960 on the grounds that publicity would be prejudicial to the public interest by reason of the confidential nature of the business to be transacted.

11. **INTERNAL AUDIT**

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(Confidential report circulated to Members and Officers only).

Policy, Resources and Finance Committee Meeting – 25 March 2008
Summary of Grant Applications Received

Name of Applicant	Amount sought	Purpose of Grant sought	Last Grant by Town Council/Comments	Page Nos
Vitalise	£184	Quality breaks for disabled people	2006 £342 2005 £137 2004 £141 2002 £100 2001 £100	
4 th Yeovil Brownies	£1000	Towards hire of Monmouth Hall	2006 £450 2005 £363	
Yeovil Division Guide Headquarters	£850	Towards disabled ramp at guide headquarters	2007 £350 (Senior Section) 2006 £750 (Brightsparks) 2004 £500 (Brightsparks) 2003 £500	
Pipsqueaks Parent & Toddler Group	£260	Costs of hiring Monmouth Hall	2006 £850 2005 £800 2004 £800	
Yeovil Football And Athletic Club Ltd	£1000	Towards cost of medical and training equipment for community project scheme	New Applicant	

- Unallocated revenue budget in 2007/2008 **£10,702**
- Unallocated Capital Funds **£6,095**
 (Excluding other agenda items)

(£500 of revenue budget earmarked as contribution towards Breathing Places project)

In the interest of economy the supporting papers for the above grant applications have been circulated to members of the committee only. Additional copies are available on request.

CAPITAL FUND

A copy of the updated Capital Fund statement is attached at page 5. The sum of £6,095 is available for allocation to new capital schemes.

Future Sources of Funding

Potential sources of funding include the proceeds arising from the sale of surplus land at the former Goldcroft Allotment Site. As explained below, it is anticipated that funds will be available from this source within the coming months.

As previously reported, outline planning permission has been granted by the Planning Authority for general housing development on this site with a 35% affordable housing element.

The draft S.106 agreement has been checked by the Town Council's Solicitor, in consultation with the Town Clerk and the Chairman of the Committee and, following a meeting with the Solicitor to the District Council, various comments on this document and on a number of related matters were forwarded to the Solicitor of the District Council for consideration.

Following further discussions and negotiations, a final agreement has now been drawn up and approved by both Authorities. A contaminated land survey has been undertaken ahead of the site being marketed in accordance with the terms of the agreement, and this has not identified any problems that would prevent its development along the lines proposed.

The site has now been revalued in line with this agreement, and the District Council has until 25 May 2008 to decide whether to exercise an option to purchase the land at the revised open market value. Should it decline to do so, the land will be sold unencumbered on the open market.

Another potential source of funding is the former ski and activity centre should the Town Council decide to dispose of the freehold as part of the redevelopment proposals.

Other Sources

Any funding beyond these sources will need to be in the form of a loan from the Public Works Loan Board (PWLB), applications for which are considered on their individual merits and subject to funding availability.

Existing and Future Commitments

The Capital Fund includes the £2,500 commitment towards the estimated costs of completing the removal/replanting of diseased hedge at Preston Park – as agreed during the last cycle of meetings. The Fund also includes the £9,000 grant awarded earlier this year by the Big Lottery to the Town Council under the Breathing Places programme, which will be used to help rejuvenate Ninesprings wooded valley in Yeovil Country Park.

Impending commitments on the Capital Fund include pledged contributions towards the upgrading of the play area at Yew Tree Recreation Ground (£80,000) and the provision of replacement public toilets in the Town Centre (£100,000). A report

setting out potential sites for the new toilets and a proposed implementation timetable will be submitted to the April meetings of the Town Council and the District Executive.

South Somerset District Council (SSDC) has now confirmed its intention to make the following capital contributions towards these two projects:

- Yew Tree Recreation Ground £80,000 (50% matching contribution)
- Replacement public toilets up to £150,000

As previously reported, Somerset County Council has confirmed that the Town Council's application for LAA funding towards the replacement public toilets has been successful, and that an award of £19,485 (possibly rising to £25,000 - depending on the deliverability of other approved town/parish council bids) has been awarded.

Having regard to the anticipated timing of these two projects, the Town Council's contributions are unlikely to be required to be paid until late November 2008 at the earliest.

Funding Options

This factor should enable the costs involved to be met from the proceeds of the disposal of the former Goldcroft site. However, in the event that the sale is delayed beyond this date, arrangements need to be put in place to meet the Town Council's obligations.

This could be achieved by short-term borrowing from the PWLB. Coincidentally, the fixed-rate loan taken out in 1999 to meet the cost of the extension to the Town House comes to an end next year, and the revenue budget allocated to service this loan could be used to help meet the ongoing costs of taking out a new fixed-rate loan.

The costs of borrowing will depend on the period of the loan and the prevailing interest rates. However, assuming a loan for £180,000 was taken out; the annual cost of servicing the loan at current interest rates would be as follows:

Duration of Loan	Annual Repayments	Total Cost of Borrowing	Interest Rate
2 years	£94,705	£189,410	4.14%
5 years	£40,277	£201,385	4.19%
10 years	£22,401	£224,010	4.36%

The cost to the Council over 10 years would be offset by the current loan repayment allocation (£10,150) resulting in an effective *additional* cost of £12,251 per annum.

As both of these projects require a early commitment by all partners to proceed, the Town Council needs to confirm its willingness to meet its share of the costs involved.

The Committee is **RECOMMENDED** to

- (1) note the current position concerning the Capital Fund;
- (2) note the further developments regarding the impending disposal of the former Goldcroft Allotment site;

- (3) note the need to make an early commitment on the pledged Town Council's contributions totalling £180,000 towards the upgrade of the play facilities at Yew Tree Recreation Ground and the replacement of Town Centre public toilets; and
- (4) consider the best way of meeting these contributions with a view to making a recommendation on the matter to the April meeting of the Town Council.

(Alan Tawse, Town Clerk – 01935 382424)

CAPITAL FUND (as at 25 March 2008)

Balance of Capital Fund as at 31 March 2006		£44,747
Plus Capital Receipts:		
Countryside Agency - Doorstep Green Grant		£1,803
Breathing Places Project - Big Lottery Grant		<u>£9,000</u>
Sub-total		£55,550
Less Capital Expenditure:		
Sunningdale Doorstep Green (Phase 3)	£7,917	
Westfield Park Play Area - contribution to improvements	£9,754	
Rosebery Avenue Play Area - contribution to Multi-Use Games Area/Youth Shelter	£11,400	
Yew Tree Park - Interim Play Area Upgrade	<u>£3,000</u>	
Sub total		<u>£32,071</u>
New Balance of Capital Fund		<u>£23,479</u>
Less Commitments:		
Yeovil Country Park - contribution to signage	£180	
Sunningdale Doorstep Green (Phase 3)	£5,704	
Preston Park - Removal/Replanting of Diseased Hedge	£2,500	
Yeovil Country Park - Breathing Places Project	<u>£9,000</u>	
Total		<u>£17,384</u>
New Balance (unallocated)		£6,095
Notes		
1 YTC Sunningdale Doorstep Green contribution totals £20,820 as follows:		
Phase 1 - £6,860 (£3,360 to be met from capital and the remaining £3,500 to be met from the reimbursement for the feasibility study costs) (Phase 1 commitment includes £11,580 contribution from SSDC)		
Phase 2 - £6,980 - to be met as a capital contribution from revenue (2004/05)		
Phase 3 - £6,980 - to be met as a capital contribution from revenue (2005/06)		
2 All future Cemetery capital improvements to be met from revenue contributions to capital by the Joint Burial Committee		
3 Glenthorne Avenue Traffic Calming Scheme contribution of £9,000 set aside in the General Fund.		
4 Essential play area repair work beyond routine maintenance budgets to be charged to capital (subject to matching contributions from SSDC)		
5 Contribution to interim play area upgrade at Yew Tree Park subject to matching contribution from SSDC		
6 Breathing Places Project to be completed by May 2008		

RISK MANAGEMENT STRATEGY – 2008/09

The Council's adopted risk management strategy (copy attached at pages 7 to 16) has been revised and developed for the forthcoming financial year.

The adoption of the strategy, which pulls together into one document many of the contingency plans, procedures and arrangements that the Town Council has already adopted, helps to demonstrate that the Council has adequate corporate governance arrangements in place.

To ensure that these arrangements remain relevant and up-to-date and in line with best practice, the Council has agreed that the adopted Strategy be reviewed by the Committee on an annual basis.

The areas set out in the strategy reflect those areas identified in the Practitioners' Guide on Governance and Accountability in Local Councils in England and Wales, which is published jointly by the National Association of Local Councils (NALC) and the Society of Local Council Clerks (SLCC) in conjunction with the Audit Commission.

The annual review of this key document along with the programme of work undertaken by the Internal Auditor (copy attached at page 17) ensures that the Town Council fulfils its statutory obligation under Regulation 6 of the Accounts and Audit Regulations 2003 to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices.

This programme mirrors the components of review identified in the Practitioners' Guide, and helps the Internal Auditor check the issues that need to be examined and prepare an annual internal report to the Town Council, which is submitted to the Audit Commission as part of the Annual Return and Governance Statement of the Town Council.

It is **RECOMMENDED**

- (1) that the report be noted;
- (2) that the draft revised risk management strategy for 2008/09 be adopted; and
- (3) that the Committee considers whether it is satisfied that the internal audit arrangements that are in place are effective and meet the Council's legal obligations.

(Alan Tawse, Town Clerk - 01935 382424)

Yeovil Town Council

Risk Management Strategy

Yeovil Town Council is committed to identifying and managing risks, using the following procedures, and to ensuring that risks are maintained at an acceptable level. The Town Council will take any action that is deemed necessary.

The Town Clerk reviews risks on a regular basis, including any newly identified risks, and will report on such matters to the Policy, Resources and Finance Committee. The review will include identification of any unacceptable levels of risk.

The Local Councils' Governance and Accountability Guidance (published jointly by the National Association of Local Councils and the Society of Local Council Clerks) makes the following observations regarding risk management:

1. Risk management is not just about financial management: it is about setting objectives and achieving them in order to deliver high quality public services.
2. The new approach places emphasis on local councils strengthening their own corporate governance arrangements, improving their stewardship of public funds and providing assurance to taxpayers.

It goes on to make the point that Members are ultimately responsible for risk management because risks threaten the achievement of policy objectives. Members should, therefore –

- a. take steps to identify key risks facing the Council
- b. evaluate the potential consequences to the Council if an event identified as a risk takes place
- c. decide upon appropriate measures to avoid, reduce or control the risk or its consequences.

To identify the risks facing a council, the Guidance recommends beginning by grouping the three main types of decisions that have to be taken into the following areas:

- i. Areas where there may be scope to use insurance to help manage risk
- ii. Areas where there may be scope to work with others to help manage risk
- iii. Areas where there may be need for self-managed risk.

SECTION 1

AREAS WHERE THERE MAY BE SCOPE TO USE INSURANCE TO HELP MANAGE RISK

1 A RISK IDENTIFICATION

a. Protection of physical assets e.g. buildings, furniture, equipment and regalia

All physical assets are insured with Zurich Municipal.

b. Risk of damage to third party property or individuals as a result of the Council providing services or amenities to the public

Yeovil Town Council has public liability Insurance of £5,000,000. It has also personal accident liability cover for employees and members under the above policy.

c. Risk of consequential loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party (consequential loss)

Included in insurance policy cover.

d. Loss of cash through theft or dishonesty (fidelity guarantee)

The Council has fidelity guarantee cover up to £700,000 for all members and employees.

e. Legal liability as a consequence of asset ownership (public liability)

See b. above

1 B INTERNAL CONTROLS

a. Maintain an up-to-date register of Assets and Investments

An Asset Register is compiled annually by the Responsible Financial Officer (Town Clerk) and presented to Council with Annual Accounts each year. Investments are reviewed on a monthly basis.

b. Regular maintenance arrangements for physical assets

The Town Clerk and the Maintenance Operative undertake regular inspection of the properties under the Council's direct management. Maintenance of buildings, sites and equipment is undertaken on a responsive basis. Playground equipment is checked and maintained independently by South Somerset District Council on a weekly basis. Yeovil Cemetery is checked and maintained by its own workforce.

c. Annual Review of risk and the adequacy of insurance cover

The Responsible Financial Officer reviews the insurance cover annually, makes recommendations, as necessary, to the Policy, Resources and Finance Committee and updates cover as required.

d. Ensuring robustness of insurance providers

There are two main insurers for local councils – Zurich Municipal and Allianz Cornhill. Yeovil Town Council uses Zurich Municipal and the RFO is confident that the company is sufficiently robust.

1 C INTERNAL AUDIT ASSURANCE

a. Review of internal controls in place and their documentation

Internal controls are reviewed as necessary by the Town Clerk and the Internal Auditor. Their recommendations are submitted to Council through the Policy, Resources and Finance Committee.

b. Review of management arrangements regarding insurance cover

This forms part of the Policy, Resources and Finance Committee review at time of annual renewal

c. Testing of specific internal controls and reporting findings to management

This is undertaken as part of the audit process. Reports are presented to the Policy, Resources and Finance Committee and minuted accordingly

SECTION 2

AREAS WHERE THERE MAY BE SCOPE TO WORK WITH OTHERS TO HELP MANAGE RISK

2 A RISK IDENTIFICATION

a. Security for vulnerable buildings, amenities or equipment

Appropriate security devices are fitted to all of the Council's buildings and linked, as necessary, to a central control station. Designated staff are responsible for the security of these buildings.

In the event of any breaches of security, appropriate measures are taken as soon as practicable to re-secure the property. Crime reports are obtained for all breaches of security by contacting Avon and Somerset Constabulary.

b. Maintenance for vulnerable buildings, amenities or equipment

All premises are maintained within the approved budget. Maintenance is undertaken in-house where possible and external contractors used as required.

c. Banking Arrangements, including borrowing or lending

Reviewed periodically by Policy, Resources and Finance Committee. All cheques require two Members signatures. The Policy, Resources and Finance Committee review all payments and income following their consideration by the service committees.

d. Provision of amenities / facilities for local community groups

The Council has approved the hire of Monmouth Hall on a charge basis. Conditions relating to the use of the Hall have been adopted by the Council.

e. Vehicle or equipment lease or hire

The Council leases a vehicle, which was procured following a competitive tendering exercise. The lease agreement includes ongoing maintenance arrangements, vehicle breakdown provisions and the supply of a replacement vehicle, as necessary. The Council has the option to purchase the vehicle at the end of the leasing period.

f. Professional services, contractors etc.

The Council endeavours to ensure that wherever possible it has the opportunity to select (from several) the provider of any professional service it requires. Where necessary, all prospective contractors are required to provide references of other organisations for which they have recently undertaken similar work.

2 B INTERNAL CONTROLS

a. Standing Orders and financial regulations dealing with the award of contracts for services or the purchase of capital equipment

The Council has adopted Standing Orders that govern the awarding of contracts. These were last reviewed in August 2007.

b. Clear statements of management responsibility for each service

Under the Council's Scheme of Delegation, each of the service committees and the Policy, Resources and Finance Committee have delegated management responsibility for their own budgets.

The Council has adopted a financial control policy, which stipulates that contingencies are included in a separate budget and that bids for the use of these funds be considered by the Policy, Resources and Finance Committee.

This approach is consistent with the way in which unspent revenue balances are now dealt with, and it ensures that all Committees have the same opportunity to put forward bids for additional expenditure during the financial year.

c. Regular scrutiny of performance against targets

In accordance with Best Value, performance targets for a wide range of services provided by the Council are set for the forthcoming year on an annual basis, following a review of the previous year's achievements against set targets.

d. Arrangements to detect and deter fraud and/or corruption

Invoices are subjected to scrutiny by both the Responsible Financial Officer and the Council's authorised cheque signatories. Monthly BACS payments are similarly scrutinised.

e. Regular bank reconciliations, independently reviewed

Bank statements are received monthly and a reconciliation undertaken by the Finance Administrator, which are inspected by the Responsible Financial Officer.

2 C INTERNAL AUDIT ASSURANCE

a. Review of internal controls in place and their documentation

Internal controls are reviewed as necessary by the Town Clerk and the Internal Auditor. Their recommendations are submitted to Council through the Policy, Resources and Finance Committee.

b. Review of minutes to ensure legal powers are available and the basis of the powers recorded and correctly applied

The Town Clerk gives advice and makes recommendations to the Council and its committees, and endeavours to ensure that the Council's decisions are lawful. Where appropriate, the relevant legal powers upon which decisions are made are recorded in the minutes of meetings. The minutes of meetings are reviewed during the audit process.

c. Review and testing of arrangements to prevent and detect fraud and corruption

The use of Standing Orders, Financial Regulations, Standing Orders with respect to Contracts and the Delegation Scheme form part of the internal controls that contribute towards the prevention and detection of fraud and corruption.

d. Review of adequacy of insurance cover provided by suppliers

Where appropriate, suppliers are required to submit evidence of appropriate insurance cover.

e. Testing of specific internal controls and report findings to management

This is undertaken as part of the audit process. Reports are presented to the Policy, Resources and Finance Committee and minuted accordingly.

SECTION 3

AREAS WHERE THERE MAY BE A NEED TO SELF-MANAGE RISK

3 A RISK IDENTIFICATION

a. Keeping proper financial records in accordance with statutory regulations

Financial records are kept in accordance with the statutory requirements and are reviewed as part of the Audit process.

b. Ensuring all business activities are within legal powers applicable to Parish Councils

See Section 2 Internal Audit Assurance (b)

c. Complying with restrictions on borrowing

The Council is within the current borrowing perimeters.

d. Ensuring that all requirements are met under employment law and Inland Revenue regulations

Inland Revenue calculations are made undertaken as part of the monthly payroll arrangements and are subject to the audit process. Salary forecasts are undertaken as part of the budget setting process and incremental increases paid in accordance with adopted national agreements. Regular advice is provided by the South West Provincial Council on employment matters, and independent legal advice is taken as necessary.

e. Ensuring all requirements are met under Customs and Excise regulations (especially VAT)

All such requirements are met by the Responsible Financial Officer and the Internal Audit process.

f. Ensuring the adequacy of the annual precept within sound budgeting arrangements

Each year, the Council adopts a financial control strategy aimed at ensuring that the Council achieves a sustainable balanced budget whilst, at the same time, maintaining flexible ways of responding to future requests for unforeseen and inescapable expenditure.

As part of this strategy, all Committees are asked to keep their expenditure within suggested maximum limits – with any proposed increases beyond those suggested being matched by reductions elsewhere in their respective budgets.

All committee budgets are reviewed by the Policy, Resources and Finance Committee whose recommendations are submitted for approval by full Council in accordance with the Council's budget procedure.

g. Ensuring the proper use of funds granted to local community bodies under specific powers or Section 137

Grant applications are considered by the Policy, Resources and Finance Committee. Section 137 grants are recorded in the minutes of the relevant meeting and listed separately in the annual accounts.

h. Proper, timely and accurate reporting of the Council business in the minutes

The Town Clerk is responsible for ensuring that minutes are prepared in respect of meetings of the Town Council and its Committees. Minutes are distributed to Members in advance of the subsequent meeting, verified as a correct record as one of the first items of business of that meeting and signed at the meeting. Failure to do so along with any amendments is recorded. Committee minutes are presented to full Council for information and comment.

i. Responding to electors wishing to exercise their rights of inspection

The rights of inspection to electors are adhered to in accordance with current legislation. The Council has adopted a publication scheme, which sets out the rights of members of the public to access documents under the Freedom of Information Act 2000.

j. Meeting the laid down timetables when responding to consultation invitations

Every effort is made to meet specified timetables when responding to consultation invitations.

k. Meeting the requirements for Quality Town Council status or other accreditation

The Town Council achieved this status in February 2005.

l. Proper document control

Paperwork is retained in accordance with national guidelines and relevant documents are available for viewing on request. All incoming mail is date stamped.

m. Register of members' interests and gifts and hospitality is place, complete, accurate and up-to-date

A copy of the Register is held by the Town Clerk, and the original is retained by the Monitoring Officer at South Somerset District Council. It is the responsibility of individual members to notify the Town Clerk and the Monitoring Officer of any amendments.

3 B INTERNAL CONTROLS

a. Regular scrutiny of financial records and proper arrangements for the approval of expenditure

Comprehensive measures are in place for the monitoring and review of expenditure. These include the preparation of detailed annual budgets setting out heads of authorised expenditure, and regular reports to all committees on actual/budgeted expenditure to date.

b. Risk assessments carried out and recorded

These are undertaken as appropriate with the results of the assessments recorded and any required action undertaken.

c. Recording in the minutes the precise powers under which expenditure is being approved

See Section 2 Internal Audit Assurance (b.)

d. Regular returns to the Inland Revenue; contracts of employment for all staff; systems of updating records for any changes in relevant legislation reviewed by Council

Inland Revenue Returns are completed and salaries calculated in-house on a monthly basis, and are subject to internal audit. All members of staff are issued with contracts of employment, and their terms and conditions of employment reviewed as necessary. Staffing issues are referred to the Policy, Resources and Finance Committee. Systems are in place for updating records for any changes in relevant legislation.

e. Regular returns of VAT

The Town Clerk is responsible for the regular completion and submission of VAT returns, and for ensuring that adequate training is in place for the staff responsible for their preparation.

f. Developing system of performance measurement

Staff appraisals are undertaken on an annual basis with a written summary of the points covered during each appraisal issued to the staff concerned.

g. Procedures for dealing with and monitoring grants, or loans, made or received

Regular statements are received and scrutinised of the outstanding loan to the Town Council from the Public Works Loan Board. Grants made to local organisations by the Town Council towards equipment and other tangible expenditure are only paid upon production of an original invoice.

h. Minutes properly numbered with a master copy kept in safekeeping

All Council and Committee minutes are correctly numbered. These are loose-leaf and the approved signed copies are bound and retained in a fireproof safe.

i. Documented procedures to deal with enquiries from the public

Telephone calls, letters and e-mails are dealt with as soon as practicable and an appropriate response made within approved performance targets.

j. Documented procedure to deal with responses to consultation requests

Consultation requests are referred to either full Council or the relevant Committee, and the agreed response is minuted.

k. Monitoring arrangements regarding Quality Council status

A watching brief is maintained in preparation for the quadrennial review of the council's current accreditation.

l. Documented procedures for document receipt, circulation, response, handling and filing

The Town Clerk receives and delegates all mail. All matters for referral to full Council or a Committee are identified and allocated. Mail for action by administration is dealt with accordingly and filed when actions are completed.

m. Procedures in place for recording and monitoring members' interest and gifts and hospitality received

See Section 3 Risk identification (l.)

n. Adoption of Codes of Conduct for members and employees

In July 2007, the Council adopted the provisions (including the non-mandatory elements) of the Local Authorities (Model Code of Conduct) Order 2007. The conduct expected of employees is set out in their individual contracts of employment. At present, there is no statutory code for employees.

3 C INTERNAL AUDIT ASSURANCE

a. Review of internal controls in place and their documentation

The Town Clerk and the Internal Auditor review internal controls as necessary. Their recommendations are submitted to Council through its Policy, Resources and Finance Committee.

b. Review of minutes to ensure legal powers in place, recorded and correctly applied

See Section 2 Internal Audit Assurance (b.)

c. Testing of income and expenditure from minutes to accounting system, from bank statements to accounting system, from minutes to statements etc. including petty cash transactions

The testing of these procedures forms part of the internal controls currently in place. The system is also tested during the audit process.

d. Review and testing of arrangements to prevent and detect fraud and corruption

The testing of these arrangements forms part of the internal controls currently in place. The system is also tested during the audit process.

e. Testing of specific internal controls and reporting findings to management

Where appropriate, the results of such testing as part of the internal controls will be reported to the appropriate Committee or Council. Similar reporting to Council will be made as part of the internal audit.

f. Computer data safety

All necessary procedures and documents are computerised and all data is regularly backed-up and stored off-site.

March 2008

Accounts & Audit Services Ltd
INTERNAL AUDIT PROGRAMME FOR LOCAL COUNCILS

COUNCIL:.....YEAR:.....

1. PROPER BOOK KEEPING
 - a. Is the cash book maintained & up to date?
 - b. Is the cash book arithmetically correct?
 - c. Is the cash book regularly balanced?
2. PAYMENT CONTROLS
 - a. Has the Council formally adopted standing orders and financial regulations?
 - b. Has a Responsible Financial Officer been appointed with specified duties?
 - c. Have items or services above a de minimis amount been competitively tendered?
 - d. Are payments in the cash book supported by invoices, authorised and minuted?
 - e. Are payments correctly coded?
 - f. Has VAT on payments been identified, recorded and reclaimed?
 - g. Are large capital contracts correctly administered?
 - h. Is s137 expenditure separately recorded and within limits?
3. RISK MANAGEMENT ARRANGEMENTS
 - a. Does a scan of the minutes identify any unusual financial activity?
 - b. Do the minutes record the council carrying out an annual risk assessment?
 - c. Do minutes record an annual review of internal audit?
 - d. Is insurance cover appropriate and adequate?
 - e. Are internal controls documented and regularly reviewed?
4. BUDGETARY CONTROLS
 - a. Has the council prepared an annual budget in support of its precept?
 - b. Is actual expenditure against the budget regularly reported to the council?
 - c. Are there any significant unexplained variances from budget?
5. INCOME CONTROLS
 - a. Is income properly recorded and promptly banked?
 - b. Is all income due to the council collected?
 - c. Do prices charged agree with those set by the Council?
 - d. Is VAT output tax treated correctly?
 - e. Does the precept agree with that approved in the previous year's budget?
 - f. Are security controls over cash adequate and effective?
6. PETTY CASH CONTROLS
 - a. Is all petty cash spent recorded and supported by VAT invoices/receipts?
 - b. Is petty cash expenditure reported to the council?
 - c. Is petty cash reimbursement carried out regularly?
7. PAYROLL CONTROLS
 - a. Do all employees have contracts of employment with clear terms and conditions?
 - b. Do salaries agree with those approved by the Council?
 - c. Are other payments to employees reasonable, properly supported and approved by the council?
 - d. Are all payments and deductions correctly coded and suspense accounts promptly cleared?
 - e. Has PAYE/NIC been properly operated by the council as an employer?
 - f. Has the correct amount of net pay been made to the correct employee?
8. ASSETS CONTROLS
 - a. Does the council keep an asset register of all material assets owned?
 - b. Are the asset/investment registers up to date?
 - c. Do asset insurance valuations agree with those in the asset register?
9. BANK RECONCILIATION
 - a. Is there a bank reconciliation for each account?
 - b. Is bank reconciliation done regularly and in a timely fashion?
 - c. Are there any unexplained balancing entries in any reconciliation?
 - d. Is the value of investments held summarised on the reconciliation?
10. YEAR END PROCEDURES
 - a. Are year end accounts prepared on the correct basis?
 - b. Do the accounts agree with the cash book?
 - c. Do the comparative figures agree with last years statements?
 - d. Is there an audit trail from the underlying records to the accounts?
 - e. Where appropriate have debtors and creditors been properly recorded?
 - f. Are investments verified by statements or passbooks?
 - g. Are there any obvious errors or inconsistencies in the financial statements?
 - h. Do the figures on section 1 of the annual return agree with the financial statements?
 - i. Are the transactions of Trust Funds correctly excluded from the Council's Annual Return?

BEST VALUE

Unlike their county and district counterparts, town councils are free to choose their own performance indicators. These play an important part in the Best Value process, as they are the yardsticks by which the targets set are measured.

To make sure indicators chosen give a balanced view of performance, the Government has suggested using five dimensions of performance:

- Strategic Objectives
- Cost/Efficiency
- Service Delivery Outcomes
- Quality
- Fair Access

The Council has set corporate health performance indicators as well as setting additional ones for each service. The Policy, Resources and Finance Committee has adopted a list of corporate performance indicators compiled from the mandatory list that all principal councils must adopt.

Service related indicators are just as important. The Council has agreed that these are best chosen by the Service Committees - who are already responsible for monitoring and reviewing the services within their purview. Last year, all the Service Committees were asked to put forward a performance indicator for each of the major services/functions under their control and their achievements have been reported during the current cycle of meetings.

As far as this Committee is concerned, the major services are the processing of grant applications and the management of support services.

Grant Applications

The Town Council considers all grant applications on their individual merits and, irrespective of the outcome, we should strive to ensure that applicants feel satisfied with the process. With this in mind, we agreed last year to set ourselves a target of achieving an 80% satisfaction rate with the grants process.

The actual figure achieved was 100%, which endorses the process we have adopted.

Corporate Service Indicators

In addition to measuring how well we perform in providing direct services, we need to measure how well our support services are provided. The following areas of performance are being measured on an annual basis with a view to seeking real and lasting improvements. The previous year's achievements are in brackets after each indicator.

Customers and the community

- *Percentage of citizens satisfied with the overall service provided by their authority – TBA (80.6%)*
- *Percentage of those making formal complaints satisfied with the handling of those complaints – 100% (100%)*

Management of Resources

- *Percentage of Invoices paid in 30 days – 97.8% (98.8%) (100% of invoices paid to terms)*
- *Average time taken to answer the telephone - 10 seconds (10 seconds)*
- *Percentage of letters where a full response is made within ten working days – 97.0% (97.0%)*

Total Spending

- *Total net spending per head of population - £27.13 (£25.61)*

Staff Development

- *Proportion of days lost to sickness absence – 1.3% (2.2%) (national average is 4.6%)*
- *Average number of days staff training per employee – 3.9 days (3.7 days)*
- *Percentage of the workforce receiving annual development/appraisal interviews –100% (100%)*

Public Access

- *Number of the authority's buildings open to the public – 2 (2)*
- *Number of such buildings in which all public areas are suitable for and accessible to people with a disability - 2 (2)*

It is **RECOMMENDED** that the Committee notes this year's achievements and sets similar targets for next year's performance.

(Alan Tawse, Town Clerk - 01935 382424)

NALC CONFERENCE 2008

Introduction

This year's National Association of Local Councils (NALC) Conference will take place in Eastbourne from Tuesday 20 to Thursday 22 May.

The theme of the Conference will be "Making Local Connections", and the focus will be on showing local councils how they can empower themselves to be a strong voice for local communities and bring about real positive change for local people.

Delegates will have to opportunity at the Conference to question key speakers from organisations involved in the sector, as well as getting perspectives from councils on the ground.

There will be sessions held on the new power of well being, local area agreements and strategic partnerships and promoting effective performance - as well as the opportunity to learn from other councils' experience in formal best practice sharing sessions, and networking throughout the event.

The Council agreed its representation earlier this month, and consideration now needs to be given to the submission of an appropriate motion for debate.

Motions for Debate

For the past seven years, the Town Council has been successful in tabling motions that have been adopted by the Assembly on the following subjects:

- Reducing the age of qualification to stand as a member of a local authority
- Reviewing the present limit on discretionary expenditure (commonly known as S.137 expenditure)
- Introducing regulations to empower standards committees and/or appeals tribunals to award costs in appropriate circumstances.
- Co-ordination of streetworks by statutory undertakings
- Using commuted sums to meet the costs of PCSO's
- Members' Training
- Circulation of best practice guidance note on planning gain (commonly known as S.106 agreements)

The adoption of the motions on reducing the age of qualification and on S.137 expenditure led to legislative changes, and the Government has stated its intention to introduce legislation to co-ordinate streetworks.

The deadline for the submission of motions this year is Friday 18 April.

Members are requested to give some thought to potential issues or topics, which could form the basis of a motion to the Conference, and to submit their suggestions to the Town Clerk. All those received will be reported to the meeting.

Recommendation

The Committee is **RECOMMENDED to** consider the adoption of a suitable motion for submission to this year's Conference taking into account the suggested issues or topics put forward by members.

(Alan Tawse, Town Clerk – 01935 382424)