



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 31 March 2009**

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

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

24 March 2009

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

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

Philip Chandler (Ex-officio)

Clive Davis

Bridget Dollard

Tony Fife

Dave Gooding

John Grana

Dave Greene

Steve Hawker

Andrew Kendall

Tony Lock (Chairman)

Pat Martin (Vice-Chairman)

Tom Parsley

Wes Read (Ex-officio)

David Recardo

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 27 January 2009.

2. **APOLOGIES FOR ABSENCE**

3. **DECLARATIONS OF INTEREST**

4. **CORRESPONDENCE**

PAGES

5. **APPLICATIONS FOR GRANT AID**

(Circulated separately)

6. **CAPITAL FUND**

3 - 6

7. **RISK MANAGEMENT**

7 - 17

8. **FINANCIAL STATEMENT - DECEMBER 2008/JANUARY 2009**

18 - 51

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.

9. **TOWN CENTRE MANAGEMENT**

(Confidential report to be circulated separately to Members only).

10. **STAFFING ISSUES**

(Confidential report to be circulated separately to Members only).

11. **INTERNAL AUDIT** 52 - 53

(Confidential report circulated separately to Members only).

12. **PUBLIC TOILETS - LEASE ARRANGEMENTS** 54 - 57

(Confidential report circulated separately to Members only).

6. **CAPITAL FUND**

A copy of the updated Capital Fund statement is attached at page 6.

Future Sources of Funding

The sum of £6,595 is currently available for allocation to new capital schemes.

Future sources of funding include the proceeds arising from the sale of surplus land at the former Goldcroft allotment site. However, earlier this month, the Town Council agreed that the land be kept tidy and strimmed pending an upturn in the housing market and its future disposal at an acceptable price; and that a formal review of the situation be undertaken in twelve month's time should the land remain unsold at that time.

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.

Alder King have been instructed to market this site on behalf of the Town Council and, following a meeting between the appointed representatives of the Town Council and Alder King, arrangements were made for a revised draft development brief to be produced and submitted to the July meeting of the Town Council for consideration. The final brief was adopted at that meeting and the property has been marketed and expressions of interest invited.

These were reported to the Town Council earlier this month and Members have approved a process for assessing these bids and reporting back on their respective merits with a view to a final decision being taken by the Town Council in due course on how best to proceed.

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

Impending commitments on the Capital Fund include agreed contributions towards the upgrading of the play area at Yew Tree Recreation Ground (£80,000); the provision of replacement public toilets in the Town Centre (£100,000) and the redevelopment of part of Milford Hall (£85,000 - subject to matching funding being secured).

Having regard to the anticipated timing of these three projects, the Town Council's contributions will start to be required to be paid within the next month.

The Town Council has agreed that these contributions be met from the anticipated capital receipt arising from the disposal of the former Goldcroft Allotment site and, that should this be delayed beyond the required payment dates, the contributions be met instead by a ten-year fixed rate loan from the Public Works Loan Board (PWLB).

In view of the unlikelihood of a capital receipt arising in the near future, updated information has been obtained from the PWLB on the costs of the Town Council progressing its application for a loan to cover the commitments that will/are likely to arise over the coming year, which total £265,000.

The costs of borrowing will depend on the period of the loan and the prevailing interest rates. However, assuming a loan for £265,000 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
8 years	£36,604	£292,836	2.40%
9 years	£33,109	£297,980	2.53%
10 years	£30,325	£303,253	2.64%

Last December, the Council agreed to make made provision in the 2009/10 budget for annual repayments totalling £32,211 (based on the prevailing rate of 3.87%) to be made in respect of loan(s) taken out to finance these projects.

As Members are aware, work is already underway on the Peter Street Public Toilets project, and payments to date have been met from the County Council's contribution towards the scheme. However, the Town Council's contribution of £100,000 will soon be requested by way of staged payments.

The contribution towards the Yew Tree Recreation Ground is likely to be made in July, when it is anticipated that the project will be completed. A schedule of payments has yet to be determined for the Milford Hall Redevelopment Project, for which all matching funding has yet to be secured.

Whilst it might appear prudent to apply for the loan in two stages, it should be noted that the *minimum* amount for which an application may be made to the PWLB equates to £5 per elector which, in the case of Yeovil Town, amounts to £114,425. It would therefore not be possible to separately borrow the anticipated contribution of £85,000 towards the proposed redevelopment of Milford Hall although such a sum, if borrowed as part of an overall loan, could be returned to the Board at a later date if the scheme did not proceed.

However, a premium will be payable if the interest rate on the loan to be repaid is *higher* than the current premature repayment rate for a loan repayable by the same method and over the same period as that remaining on the loan which it is proposed to repay. When the interest rate on the loan to be repaid is *lower* than the current premature repayment rate, a discount will be allowed.

Play Areas

At the last meeting of the Committee, the current position regarding the rolling programme of play area improvements was noted and it was agreed that the matter would be further considered at the next meeting following clarification of the District Council's funding intentions for the play area improvements identified in the programme of planned works for 2009/10.

The current programme is as follows:

Five-year Funding Plan – Assumes 50% contribution from SSDC

Play Area	2008/09	2009/10	2010/11	2011/12	2012/13	Totals
Turner's Barn Lane		£25,000				£25,000
Yew Tree Park	£80,000					£80,000
Monksdale Park		£15,000				£15,000
Milford Park			£20,000			£20,000
Summerhouse View				£10,000		£10,000
Preston Park				£12,500		£12,500
Howard Road Park				£10,000		£10,000
Total	£80,000	£40,000	£20,000	£32,500	NIL	£172,500

The District Council has now confirmed that it has committed the following capital funding at the present time:

Play Area	2008/09	2009/10	2010/11	2011/12	2012/13	Totals
Turner's Barn Lane						NIL
Yew Tree Park		£80,000				£80,000
Monksdale Park		£15,000				£15,000
Milford Park			£20,000			£20,000
Summerhouse View						NIL
Preston Park				£12,500		£12,500
Howard Road Park						NIL
Total	NIL	£95,000	£20,000	£12,500	NIL	£127,500

The District Council has indicated that these figures are based on anticipated match-funding of 50% from the Town Council and that the revised list is a result of a districtwide prioritisation exercise that took into account the overall finance available.

The Committee is **RECOMMENDED** to

- (1) note the current position concerning the Capital Fund;
- (2) note the further developments regarding the disposal of the former Goldcroft Allotment site and the marketing of the former Ski and Activity Centre;
- (3) note the timing of the various projects for which approval to borrow has already been granted by the Town Council, and to authorise the Town Clerk to make an early application to the PWLB to secure the necessary funds by way of a fixed-rate loan to fulfil the Council's financial commitments; and
- (4) consider the funding of the Town Council's contributions towards the remaining schemes in the Play Areas Improvement Programme taking into consideration the District Council's allocations to some of these schemes.

(Alan Tawse, Town Clerk – 01935 382424)

CAPITAL FUND (as at 31 March 2009)

Balance of Capital Fund as at 31 March 2008		£17,862
Plus Capital Receipts:		
Peter Street Toilets - contribution from SCC	£46,485	
Milford Hall Redevelopment - contribution from SCC	<u>£16,000</u>	
		<u>£62,485</u>
Sub-total		£80,347
Less Capital Expenditure:		
Peter Street Toilets	£35,549	
Roundabout Enhancements	<u>£1,691</u>	
Sub total		<u>£37,240</u>
New Balance of Capital Fund		£43,107
Less Commitments:		
Yeovil Country Park - contribution to signage	£180	
Sunningdale Doorstep Green (Phase 3)	£3,200	
Roundabout Enhancements	£3,382	
Yeovil Country Park - Breathing Places Project	£2,814	
Peter Street Toilets - <i>remaining</i> contribution from SCC	£10,936	
Milford Hall Redevelopment - contribution from SCC	<u>£16,000</u>	
Total		<u>£36,512</u>
New Balance (unallocated)		£6,595
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 completed in November 2008.		
7 Capital commitments totalling £265,000 (£80,000 towards the upgrade of Yew Tree Park Play Area; £100,000 towards replacement public toilets in Yeovil Town Centre and (subject to matching funding) £85,000 towards the redevelopment of part of Milford Hall, agreed. Costs involved to be met from proceeds of sale of former allotment land at Goldcroft or, if sale delayed, from PWLB loan.		

7. **RISK MANAGEMENT STRATEGY – 2009/10**

The Council's adopted risk management strategy (copy attached at pages 8 to 17) 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 18) 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 Statement of Assurance.

It is **RECOMMENDED**

- (1) that the report be noted;
- (2) that the draft revised risk management strategy for 2009/10 be adopted; and
- (3) that the Committee considers whether it is satisfied that the internal audit arrangements that are in place 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 AON. 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 revised in August 2007 and a formal review is planned.

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 parameters.

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 the model publication scheme provided by the Information Commissioner, 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 and is currently seeking re-accreditation.

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 2009

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?