



# Appleton Parish Council

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Minutes of the meeting of the Finance and General Purposes Committee at Appleton Parish Hall on Thursday 6<sup>th</sup> June 2019 at 10am.

## **Present**

Councillor S Harris, Councillor S Bengier, Councillor J Bilsland and Councillor B Axcell.  
Mrs J Monks (Clerk) and Mrs I Derbyshire (Assistant Clerk).

### **1. Welcome and apologies for absence**

Councillor P Walker sent his apology as he was unable to attend as he was on holiday as such Councillor S Harris was the chair in the absence of Councillor P Walker.

### **2. Members Code of Conduct**

Councillor J Bilsland declared an interest in the purchase of gazebo under matters arising as she is the Chair of the Broomfields Community Group.

### **3. Matters Arising**

Councillor J Bilsland, Councillor G Palmer and Councillor S Harris had looked at a gazebo at Broomfields Sheltered Housing, however it was too big. It was decided to purchase a smaller gazebo (3x3 metres) from a private seller, for £25. Councillor J Bilsland declared an interest. Councillor J Bilsland will to get an invoice or letter of sale from the seller. The clerk was asked to put the gazebo on the agenda for the Parish Council meeting.

The clerk informed the Finance and General Purposes committee that the van had broken down again. Councillor S Harris asked the clerk and assistant clerk to look for vans from larger garages for a van which had a warranty on it. Once a van had been found it was thought that an AA check would be a good idea.

### **4. Annual Review of Internal Financial Controls and Financial Regulations**

The Parish Council had undertaken a review of the internal financial controls

**Recommended that;**

the present arrangements for financial controls as detailed below are acceptable:

- a. All payments are raised in accordance with a payment schedule, which includes agreed direct debit and bacs payments, with supporting documentation available, are signed at the third Tuesday monthly meeting.

- b. Details are then again provided to Members as a schedule for formal approval with the subsequently produced Parish Council Meeting minutes which includes a copy of the relevant payments Schedule for the month.
- c. The Chair at the next Parish Council meeting reconciles the Receipts & Payments Schedule and the Bank Statement by signing the Account Balance Summary.
- d. With regard to internet banking the payment are input on the Parish Council's internet banking account by the Assistant Clerk and then are checked by the Clerk. Once input each payment needs dual authorisation from two Parish Councillors to approve and authorise the payment in accordance in payment schedule. Once a payment has been input and approve by either parties it cannot be amended in any way by the internal banking system it can only be cancelled. Payments are made in accordance with the Financial Regulations adopted by the Parish Council.

Councillor S Harris asked to defer the review of Financial Regulations until the next Finance and General Purposes meeting in order to add a clause. Councillor S Harris will draft and circulate the amendment for consideration at the next Finance and General Purposes meeting.

The clerk informed the committee that Councillor K Arnett undertakes the quarterly banking reconciliation in accordance with 2.2 of the Financial Regulations however he no longer wishes to continue in this role. A Parish Councillor will be required to do the future quarterly banking reconciliations.

## **5. Accounts for 2018/2019**

The Clerk advised that the Internal Audit had been undertaken by JDH Business Services Limited who confirmed the following;

*The internal audit of Appleton Parish Council was carried out by undertaking the following tests as specified in the Annual Return for Local Councils in England:*

- *Checking that books of account have been properly kept throughout the year*
- *Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for*
- *Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks*
- *Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate*
- *Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for*
- *Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for*
- *Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied*

- *Checking the accuracy of the asset and investments registers*
- *Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)*
- *Year end testing on the accuracy and completeness of the financial statements*

### **Conclusion**

*On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the recommendations reported in the action plan overleaf.*

*As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.*

The action plan noted that;

1. *The AGAR annual return is incorrect as follows: Box 6 (Other payments) is stated as £1,17,757. This should be to be corrected to £118,757. Box (Balances c/f) is stated as £1,614,147. This should be corrected to £164,147. The internal auditor recommended that the AGAR annual return should be amended as noted.*

The clerk stated that this was a typing error and the form has now been corrected and the figures restated and initialled by the clerk and Chairman of the Parish Council, Councillor S Harris.

2. *Review of the cash book identified the following issues:*
  - (a) *There is no VAT column to record VAT against each relevant transaction. This is important control to ensure VAT records agreed to the cash book and VAT is completely and accurately reclaimed.*
  - (b) *There is no extended cash book headings that classify expenditure and income into different categories (for instance to match the budget headings)*
  - (c) *No cash book column for Section 137 payments.*
  - (d) *There was a misallocation of staff costs to other expenditure in December 2018, although this was resolved when compiling the year end accounts. The internal auditor recommended that the format of the cash book should be improved as noted.*

The clerk stated that a new cashbook is being used from 1<sup>st</sup> April 2019 and a copy of this has been sent to the internal auditors and they have confirmed that they the issue will be resolved due to the introduction of the new cashbook for the 2019/2020 accounts. In relation to (c) however the clerk has now added a cash book column for Section 137 payments.

3. *The clerk noted that quotations are deleted after a tender or quotation exercise has been completed, to comply with GDPR. This actions are not appropriate as quotations have to be retained as evidence for audit that the council undertook procurement in accordance with their Financial Regulations and Standing Orders. The GDPR principles requires personal information to be retained no longer than is necessary, and it is*

*necessary under the Limitation Act 1980 to keep these documents for 6 years. The internal audit recommended that the practice of deleting or shredding quotations/tenders without reference to legislation and audit regulations should cease. A time limit should be set in the council retention policy for the retention of quotations/tenders and the council should use the NALC LTN40 as a reference. The LTN40 sets 6 years as the retention period for quotations/tenders in accordance with the legislation governing this, the Limitation Act 1980 (as amended)*

The clerk confirmed that from the date this was brought to her attention, January 2019 copies of all quotations/tenders exceeding the £1,000 limit as per the Financial Regulations will be kept for 7 years in order to meet these audit requirements.

4. *The AGAR Annual Return internal audit certificate had been completed by the council. This is not appropriate – the certificate has to be completed by the internal auditor. The internal auditor recommended that the internal audit certificate should not be provided to the internal auditor pre-completed in future.*

The clerk had noted this for the future.

5. *The earmarked reserves disclosure in the explanation of variance for the external auditor case to significantly more than the entire reserves of the Parish Council. The internal auditor recommended that the council should review the explanation of variances note for the external auditor and ensure that earmarked (and general) reserves are accurately stated.*

The clerk stated that the earmarked reserves had been confirmed at the Parish Council meeting on 21<sup>st</sup> May as follows;

Reserves for Elections	£3500.00
Reserves for Parish Hall maintenance/improvements	£50000.00
Reserves for Youth work	£10000.00
Reserves for van replacement	£12000.00
Reserves for Environmental Schemes	£15000.00
Reserves for Community Schemes	£50000.00
Reserves for Contingencies	£4000.00
Reserves for South Warrington library	£20000.00.

It was recommended that the earmarked reserves were amended to;

Reserves for Elections	£3500.00
Reserves for Parish Hall maintenance/improvements	£45500.00
Reserves for Youth work	£10000.00
Reserves for van replacement	£12000.00

Reserves for Environmental Schemes	£15000.00
Reserves for Community Schemes	£50000.00
Reserves for Contingencies	£3000.00
Reserves for South Warrington library	£20000.00.

As such this means reducing the amount for the Reserves for Parish Hall maintenance/improvements from £50000.00 to £45500.00.

This brings the total amount of reserves to £160000.

6. *The internal auditor was unable to agree the pricing for income invoice 4905 for £112. The hire is for the large hall for four two hour sessions which normally cost £36 x 4 = £144. The internal auditor recommended that the council should review whether the pricing of this invoice is accurate (eg there may be a discount/concession applied). All other invoice pricing for hall hire was satisfactory.*

The clerk stated that invoice 4905 related to Appletots rental hire of the main hall. The clerk had informed the Parish Council at the Parish Council meeting on 16<sup>th</sup> April 2019 that Appletots hall hire fees were subsidised and had been so for many years. The Parish Council's decision was that Parish Hall hiring fee for Appletots for Friday mornings continue to be charged at £28.00 for the Friday morning session. As such the charge of £28 x 4 sessions was £112 and invoice 4905 was correct and in line with the Parish Council's pricing policy.

The clerk confirmed that all hiring fees are reviewed annually by the Finance and General Purposes committee.

The internal auditor also issued an important guidance note regarding the internal audit certificate in the AGAR which is as follows;

*There is a new internal control objective (Objective L) in the 2018/2019 internal audit certificate that requires internal audit certificate that requires internal audit to conclude on whether the Public Rights Notice during the previous summer was compliant with the Regulations. This is pre-filled for 2018/2019 but in order to test this and conclude YES or No for the 2019/2020 internal audit we would need to receive with the 2019/2020 books and records: A copy of the completed 2018/2019 Notice of Public Rights and Publication of the unaudited Annual Governance and Accountability Review and a dated photograph showing the first day of the Notice of Public Rights on the noticeboard and/or a dated computer screenshot showing the first date of the Notice of Public Rights on the website for 2018/2019. Our approach to this new requirement will be to conclude NO if we have not received the above evidence and explain on the AGAR that we received insufficient evidence to be able to conclude YES; we would also conclude NO if the dates advertised were not compliant with the Regulations. This will be a new ongoing requirement for internal audit, as well as verifying whether certain smaller councils meet the exemption criteria from external audit. Therefore for the 2019/20 internal audits there will be additional time charged at a fixed price fee of £9 + plus VAT per local council to complete the new requirements.*

The clerk noted the new requirements. The clerk noted that the charge for the annual audit was £197.20 plus VAT.

**Recommended** that;

The report from the internal auditor was accepted by the Parish Council and this was signed and dated by the clerk and Chairman of the Parish Council, Councillor S Harris.

The clerk reported the following variances on income and expenditure for 2018/2019, compared to the previous year, 2017/2018.

- The annual precept has increased by 15.79%
- The amount of receipts (income) had increased by 130.13%
- Staff costs had increased by 25.94% (this was due to the increase in hours for both the assistant clerk and Parish Ranger).
- Payments had increased by 39.06%
- The amount of cash held (reserves) had increased by 26.84%
- Fixed assets had increased by 0.57%.

The clerk had contacted the internal auditor regarding an interim audit. The clerk was asked to put this as an agenda item for the next Finance and General Purposes Committee meeting for consideration.

## **6 Annual Governance and Accountability Return 2018/19 – Section One Annual Governance Statement**

The Parish Council carried out a review of the effectiveness of the system of internal control and considered the annual governance statement in the Annual Governance and Accountability Return 2017/2018 Part three.

**Recommended** that;

1. The Parish Council have in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.
2. The Parish Council maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.
3. The Parish Council took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances
4. The Parish Council provided proper opportunity during the year for the exercise of electors rights in accordance with the requirement of the Account and Audit Regulations.
5. The Parish Council carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.
6. The Parish Council maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.

7. The Parish Council took appropriate action on all matters raised in reports from internal and external audit.
8. The Parish Council considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.

**Recommended that;**

Section 1- Annual Governance Statement 2018/2019 is approved and is signed and date by the Chairman, Councillor S Harris and the Clerk and Responsible Financial Officer, Mrs J Monks.

## **7 Annual Governance and Accountability Return 2018/19 Part Three – Accounting Statements**

The Clerk and Responsible Financial Officer has completed the Accounting Statements for 2018/2019 and the Parish Council considered the Accounting Statements. The clerk confirmed that the internal auditor had audited the Parish Council accounts and had signed and dated the relevant sections on the return.

**Recommended that;**

The Accounting Statements are approved and signed and dated by the Chairman, Councillor S Harris and the Clerk and Responsible Financial Officer, Mrs J Monks.

## **8. Direct Debits**

To confirm and to **recommend** the following variable direct debits;

British Telecom, CNG Ltd (Gas), ICO (Information Commissioner Office), Scottish Power, Tesco mobile, Water Plus.

## **9. Standing Orders**

Section 19 Handing Staff Matters Part F.

This currently states; Any persons responsible for all or part of the management of staff shall treat as confidential the written records of all meetings relating to their performance, capabilities, grievance or disciplinary matters.

Councillor S Harris requested that this be amended to;

Any persons responsible for all or part of the management of staff shall treat as confidential the written and verbal records of all meetings relating to their performance, capabilities, grievance or disciplinary matters.

**Recommend that;**

The Parish Council adopts the Standing Orders, with the above amendment for the Parish Council.

## **10. General Risk Assessment and Assets**

The clerk had updated the annual risk assessment report and asset register.

**Recommended that;**

The Risk Assessment report was approved and that the updated asset register was approved.

## **11. Fire Risk Assessment**

The clerk confirmed that a Fire Risk Assessment had been undertaken on Tuesday 14<sup>th</sup> May 2019 however the report on this has yet to be received as such this will be considered at the next Finance and General Purposes meeting.

## **12. Publication scheme, complaints procedure, grant policy, Social Media Policy**

**Recommended that;**

(a) The publication scheme should be confirmed for the Parish Council.

(b) A complaints procedure should be confirmed for the Parish Council.

(c) the grant procedure should be updated to include a request for a copy of bank statements.

(d) the Social Media policy was to be deferred and to be put on the next Media meeting agenda.

## **13. Data Protection review documentation**

**Recommended that;**

The Parish Council confirms that the data audit is correct and adopts the consent, privacy notices and Data Protection policy.

## **14. Photograph competition for children**

Councillor S Harris stated that this was not popular last year and that the events working party will be responsible for the organisation of any events/competitions.

## **15. Fire System contract**

The clerk informed the Parish Council that the Parish Hall had a annual Fire Alarm servicing contract which expires on 31<sup>st</sup> July 2019. This item was deferred to the next Finance and General Purposes meeting for further quotes.

## **16. Painting in Main Hall**

The clerk informed the committee that the lower section of the main hall was badly marked and may needed repainting.

The assistant clerk will investigate a solution to this, and the clerk was asked to contact the Parish Hall users requesting that they take care not to mark the walls.

## **17. Cheshire Community Action Health Check on Parish Hall**

A representative from Cheshire Community Action attended the Parish Hall to undertake a free audit on the Parish Hall on Tuesday 7<sup>th</sup> May 2019.

The clerk has circulated the draft report for the attention of all the Parish Councillors.

**Recommended** that;

All staff were to have DBS checks

The clerk was asked to contact the representative from Cheshire Community Action to arrange a meeting with Parish Councillors to discuss the details in the report.

## **18. Grant application from 21<sup>st</sup> Warrington West (1<sup>st</sup> Appleton) Scout Group**

The clerk has received a grant application from 21<sup>st</sup> Warrington West (1<sup>st</sup> Appleton) Scout Group for a grant towards the cost of a disabled ramp. The cost of the ramp is £8100. They have received a contribution of £1728 from the Co-op and they have asked for a grant of £2,500.

**Recommended** that;

A grant of £1200 to be given towards the cost of the installation of a disabled ramp for the scout hut at Dudlow Green Road.

## **19. Training Courses**

Cheshire Association of Local Councils are offering several training courses.

The clerk would like to attend a full day on Finance on 10<sup>th</sup> July 2019. The cost of this is £125.00.

The assistant clerk would like to attend a planning training course on the 18<sup>th</sup> July. The cost of this would be £60.00

**Recommended** that;

The amount of £185.00 was paid for the above training sessions.

## **20. Banking and Credit/Debit cards**

**Recommended** that;

Councillor J Bilsland becomes authorised signatures for the Parish Council NatWest current account and for internet banking. The clerk noted that another Parish Councillor was also required.

**Recommended** that;

The Parish Council has a debit card for the clerk, assistant clerk and Parish Ranger. The Financial Regulations would have to be amended to allow the use of debit cards. The assistant clerk was asked to look into the details for the use of debit cards.

## **21. Events budget**

Councillor S Harris informed the committee that the events budget needed to be increased from £1500 to £2500 for 2019/2020.

This item was deferred until the next Finance and General Purposes meeting in order to look at the quarterly budget figures for expenditure.

The meeting closed at 12.05pm.