



PULBOROUGH PARISH COUNCIL

Working together for a better future

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MINUTES OF THE MEETING OF THE FINANCE & POLICY COMMITTEE HELD ON WEDNESDAY 25th MARCH 2015 AT THE SPORTS PAVILION

PRESENT: Cllrs Ellis (Vice-Chairman), Qusted, Tilbrook & Wallace.

IN ATTENDANCE: Sarah Norman (Clerk and Responsible Financial Officer).

The meeting opened at 1pm

74. APOLOGIES FOR ABSENCE

Apologies for absence were received and accepted from Cllrs Clarke & Kipp.

75. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

76. MINUTES

The Committee **RESOLVED** to agree and approve the Minutes of the Meeting held on 29th January 2015 as a true and accurate record of the proceedings and the Chairman of the meeting signed them.

CLERKS REPORT

Item 66 – Parish Council Finance

Members noted that Cllr Tilbrook carried out the inspection as per the Internal Control Policy for the quarter ending 31st December 2014 on 9th February 2015 and all was in order.

Item 67 – Office Equipment

The new chairs had been purchased from Viking Direct as instructed and a small fridge has been ordered.

Item 69 – Staff Appraisals

Appraisals have been carried out for all staff except the Clerk. This is scheduled for 14th April 2015.

77. ADJOURNMENT FOR PUBLIC SPEAKING

There were no members of the public that had given notice of wishing to speak.

78. PARISH COUNCIL FINANCES

Members received Bank Reconciliations for cashbook 1 as at 31st January and 28th February 2015. Members confirmed their agreement to the Bank Statements and the Vice Chairman signed the bank statements accordingly.

Members agreed that Cllr Tilbrook should carry out the inspection for the quarter ending 31st March 2015, as per the Internal Control Policy.

Members received a summary of earmarked reserves as at 28th February 2015 together with a proposal for earmarking to be carried before the end of the financial year.

RESOLVED: That the sum of £39,300 be transferred from the Reserve account to the Liquidity Manager 30 day account.

Finally, Members noted the following invoices which were more than 30 days overdue

- i) Snooker Club (£200) balanced owed for 2014/15 rent
- ii) Nat West Bank (£10) for Christmas Lighting issued 1st December 2014

It was noted that Nat West Bank are the only trader to have not settled their invoice for the Christmas lighting and that they have been advised that the invoice will be written off at the end of the financial year and that they will not be invited to join in the lighting scheme in 2015.

It was noted that the hanging baskets have been ordered with delivery due by mid May. Cllr Ellis commented on the outstanding brackets for the lighting columns. Cllr Qusted reported that he had chased this with SSEC the week previously and had been advised that they would be installed before the Easter break. It was agreed that this issue should be kept under review.

79. INTERNAL AUDIT

Members received the scope of works from Auditing Solutions for their internal audit services (attached as Appendix 1).

After discussion it was AGREED to accept the scope of works and that Auditing Solutions should be appointed to carry out the Internal Audit for Pulborough Parish Council for the financial year ending 31st March 2015.

RESOLVED: The scope of works provided by Auditing Solutions for the role of Internal Auditor be accepted and they be appointed as the Internal Auditor for Pulborough Parish Council for the year ended 31st March 2015.

Members went on to receive the Interim Report and noted that there were no areas of concern raised. The Clerk was commended on her work in this area.

80. NEIGHBOURHOOD WARDENS

Members discussed the possibility of Pulborough Parish Council engaging Neighbourhood Wardens either independently or by clustering with a neighbouring Parish such as Billingshurst. It was acknowledged that this would be at a cost to the residents of the Parish but the opinion was that the proposals should be put before the populous before a decision is reached. All agreed that alternative funding streams would need to be investigated to limit the impact on the Parish precept as much as possible although it was acknowledged that no funding can be guaranteed for future years.

It was noted that the initiative would be administered by Horsham District Council.

Cllr Qusted reported that at a recent meeting with the Chairman of Ashington Parish Council, he had been informed that the scheme had worked well in

Ashington although their remit now extended to include a domestic role i.e. checking on vulnerable residents, as well as a crime prevention one.

After discussion it was AGREED that the Clerk should invite Greg Charman of Horsham District Council, to attend a Full Council meeting to provide more information about the scheme. Whilst there is currently the opportunity for informal consultation by way of the Village Market, it was agreed that once more is known, there should be an article in the Parish Bulletin and ultimately a comprehensive consultation with the residents.

81. DISCIPLINARY & GRIEVANCE POLICIES

Members received and after discussion with one amendment, accepted the Disciplinary & Grievance Policies. It was noted that these would be reviewed annually in May with all other Policies.

RESOLVED: The Disciplinary & Grievance Policies be recommended to Full Council for ratification.

It was noted that the Parish Council's copy of Local Council Administration by Charles Arnold Baker is an eight edition copy and the Clerk was instructed to purchase the most up to date version.

82. RISK REGISTER

Members received the register and AGREED to the following sections :-

Administration	A2, A2a, A3, A4, A6, A7, A8, A10 & A11 (It was AGREED that A5 should be deleted as the Quality Council Scheme no longer exists)
Finance & Policy	F1, F2, F3 & F4
Whole Council	C1 & C2 (It was AGREED that C3 should be deleted as it was a duplicate with A4)
Ownership/Council Property	O1 & O4
Governance & Management	1,2,3,4,5,6,6a,7,8,11,12,12d,12f,12g,12m,13a,14,15,17,18,19,22 (It was AGREED that 10 should be deleted as the Quality Council Scheme no longer exists)

83. CORRESPONDENCE

HDC

- i) Offer to pay for trade waste by Direct Debit
- ii) Notification of increase in trade waste and recycling charges of 2.8% wef 1st April 2105.

LASER

Service Level Agreement

Electricity market reform update : no changes as EDF FIXED Term Price already settled.

WSSC

Notification of increase of 2.8% for Parish street lighting energy charges for 2013/14 (invoice already settled)

Pulborough Village Hall

Notification of increase of 2% in hall charges wef 1st April 2015

Southern Water

Notification of 2015/16 charges for business customers.

84. MATTERS RAISED BY COUNCILLORS FOR INCLUSION ON NEXT AGENDA

None

85. PAYMENTS

Members received, considered and approved with all in favour payments to be made.

RESOLVED: that the payment of the following Direct Debits and Cheques be approved and signed:

	£
Saunders Specialised Services	467.46
S Norman	69.99
F Bushby	55.80
Horsham Matters Ltd	2980.68
Ricoh UK Ltd	263.39
WSCC	5556.01
R Qusted	25.92

The meeting closed at 1.55pm

.....Chairman

.....Date

Internal Audit programme: 2014-15 Accounts

1. Checking that books of account have been properly kept throughout the year

Programme
1.1 Establish whether the cashbook is maintained on a bespoke accounting package, in manuscript or spreadsheet format. Review the procedure for and frequency of entering detail in the record.
1.2 Does the ledger/cashbook include sufficient analysis to make preparation of the annual Accounts and Annual Return straightforward?
1.3 Is VAT identified separately in the coding analysis / cashbook?
1.4 Are grants made under specific powers (GPOC) and /or S.137 payments identified separately in the coding analysis / cashbook?
1.5 Verify that previous year closing balances are correctly brought forward?
1.6 Where applicable, check the procedures in place for preparing and counter checking of journals.
1.7 Test a sample of transactions throughout the year between the cashbook and bank statements and inter account transfers.
1.8 Where accounting software is in use, check backup and restore procedures to ensure integrity of information.
1.9 Obtain a copy of the external audit certificate for the prior year, together with any more detailed report, and consider any actions that need to be taken by client or us this year in relation to issues raised by the external auditor and document them accordingly.

2. Review of Corporate Governance; Potential risks of Fraudulent Activity

Programme
2.1 Has the Council prepared and adopted Standing Orders and Financial Regulations? (<i>Obtain the most recent copy for retention on Perm. File</i>). Ensure that the tendering limits are consistent between SOs and FRs.
2.2 Has the Council complied with the requirements of the Localism Act 2011 (i.e. has consideration been given and action been taken towards adoption of the General Power of Competence)? (NB: This has to be re-adopted in the year following an election by formal resolution of the Council).
2.3 Establish whether the Council has prepared detailed procedural documentation for all financial procedures. Whilst unlikely for smaller councils, this represents best practice and provides a start point for new appointees or in the event of long term absence of the clerk.

2.4 Review minutes for any salient financial or other issues that may affect the Council's future performance and financial stability.
2.5 Ensure that the value of the annual precept (and CT Support Grant) is minuted formally and take a copy of the minute approving the amount and file accordingly.
2.6 Review and assess the council's approach to corporate governance and assess adequacy for completion of the certificate at Part 2 of the Annual Return.
2.7 Consider the potential for fraudulent or corrupt practice and identify any additional controls required to mitigate against such activity.
2.8 Has the Council considered the potential impact of the repeal of the LG Act 1972 Section 150(5) and is it intending to utilise electronic banking facilities? If so, have appropriate controls been put in place to minimise the risk of fraud and loss of Council resources (See JPAG document - "Safeguarding Public Money"?)

3. Review of Payment Procedures; Approvals and Associated issues including VAT identification and recovery

Programme
3.1 Identify and document the Council's approach to the approval of expenditure (ordering and invoice certification) and release of moneys to traders. Where BACS and / or Direct Debits are used, ensure that appropriate authorisation procedures are in place over the release of moneys. Also ensure that appropriate maximum limits have been agreed with the bankers over individual and weekly / monthly transaction levels.
3.2 Review a sample of payments to ensure that they are supported by invoices /or other appropriate forms of supporting documentation, such as acknowledgements of receipt (grants, donations, etc.) where no invoice is appropriate and are approved for payment by members. Where only a percentage is checked, use the s/sheet template to identify the sample.
3.3 Ensure that, where an official ordering system is in place, an order has been raised for each item of goods or services provided, where expected. (NB. This will be dependent on size of council).
3.4 Ensure that the appropriate Cost Centre and Nominal Codes / cash book analysis have been applied to payments in the test sample at 3.2 above. Pay particular attention to the analysis between staff costs and other payments.
3.5 Ensure that the Council's SOs and FRs have been observed when obtaining tenders and quotes for supply of goods and services.
3.6 Are all payments, including bank charges, direct debits, etc. formally recorded in the minutes identifying the cheque number (where appropriate), payee and amount (including VAT)?
3.7 Is VAT correctly calculated and recorded in the financial ledger / cashbook? Ensure that VAT is recovered periodically and verify, as a minimum, the year-end reclaim to the underlying records.
3.8 Prepare and /or update annually the analytical review spreadsheet of payments made in the year once the Accounts have been finalised.

4. Assessment and Management of Risks

Programme
4.1 Determine whether or not the Council has developed a formally adopted a high level Risk Management Strategy and obtain a copy of the document.
4.2 Ensure that the Council undertakes an annual assessment of the risks (both financial and Health & Safety issues) that it may potentially face, also identifying the potential for the risks coming to fruition and, if they did, the financial outcome.
4.3 Review the Council's insurance policy (ies) to ensure that adequate coverage has been obtained for all aspects and that all appropriate assets are adequately insured. (Guide lines: <i>Employer's liability - £10m; Public Liability - £10m; Fidelity Guarantee – half year's precept + year-end balance</i>)

5. Precept determination and budget control

Programme
5.1 Has the Council undertaken a budget determination exercise, which forms the basis of the annual precept request from the parent Council? Examine and assess its adequacy (see 2.5 above re formal approval of annual precept). Consider the impact of any capping that central government may apply and /or reduction in CT Support grant for 2014-15 and / or 2015-16.
5.2 Does the Council receive regular reports identifying the budget position throughout the year?
5.3 Has the Council formally approved the establishment of specific reserves: are the utilisation of reserves and the return of unused balances to the General Fund reported to the Council at regular intervals?
5.4 Review year-end reserves and General Fund balances to ensure that they are both appropriate and are likely to be utilised. (NB: Rule of thumb is that the GF balance should equate to between three & six months' revenue spending.
5.5 Review the year-end outturn and follow up any significant variances from the proposed detailed budget (NB: this may not apply to smaller councils). Consider this in conjunction with the update of the annual analysis of income/ expenditure at sections 3 & 6.

6. Review of Income Control Systems

Programme
6.1 Establish the sources of income available to the Council and determine whether the Council has implemented any form of monitoring to ensure that income due is accounted for and recovered.
6.2 Review income levels and update the annual analysis of income by heading. Where significant variances between years are identified, undertake more detailed testing, as per the detailed work schedules for each income source.
6.3 Does the Council regularly review the level of fees and charges for its services, as generally required by Fin Reg'ns?

6.4 As and when each income stream is examined formally document the procedures and controls in place and test for compliance with those controls and Fin. Reg'ns accordingly.
6.5 In conjunction with 6.4 above, trace a sample of income from source documents such as hall and sports field booking diaries, undertaker's burial applications, etc. through Council receipts to the bank slips and statements. (See ASL Audit Manual for approach to individual system review and testing approach to be applied)
6.6 Ensure that all receipts are banked promptly and that receipts clearly identify whether income is by way of cash or cheques. Ensure that the bank paying in slip reflects the correct analysis between cash and cheques and that no 'teeming and lading' has occurred.
6.7 Check whether or not the Council has established whether it should be charging VAT for services provided and ensure that these are correctly entered in the relevant accounting records
6.8 Review sales ledger detail, where in use, or other control records for any long-standing uncleared debts and/ or unmatched receipts.
6.9 Review detail on nominal accounts / cashbook analysis for any unusual entries or apparent areas where income due to the Council is not being received promptly or appropriately.

7. Petty cash records and Usage of Credit / Debit Cards

Programme
7.1 Establish whether the Council operates a petty cash account and assess the soundness of the control system. Is it operated on an "imprest" basis?
7.2 If an "imprest" system is operated, has the Council formally agreed the level of petty cash imprest to be held (generally covered by Fin. Reg'ns) and do they review and approve reimbursements?
7.3 Are all payments supported by a signed petty cash voucher and / or a trader's invoice/till receipt?
7.4 Is VAT being identified in the petty cash records and recovered at regular intervals?
7.5 Ensure that reimbursement cheques are correctly recorded in the petty cash records.
7.6 Agree physical cash held to underlying records.
7.7 Where credit or debit cards are in use, review the controls in place and ensure that all payments are appropriate and effectively supported. Also ensure that appropriate financial limits on individual and monthly spending are in place.

8. Salaries and wages

Programme
8.1 Identify and document the Council's procedures in relation to the appointment of new personnel, processing of variable wages and other salary enhancements and processing of weekly / monthly payrolls, including the physical payment of salaries. Ensure that appropriate controls are in place to verify the accuracy of net payments to staff and Tax / NI & pension contributions to the relevant agencies. Where BACS is used, ensure that appropriate authorisation procedures are in place over the release of moneys, as at 3.1 above.

8.2 Do the Council review salary levels periodically and formally record in minutes the approval of any variance in salaries and allowances? (NB: check for application of any nationally agreed pay award from 1/4/14 for all staff, as per updated payscale s/sheet)
8.3 Review a sample of employment contracts and ensure they are both current and identify the employee(s)' hours and annual salary/hourly rate of pay.
8.4 Does the Council maintain formal payroll records and deduct tax and NI at source, as required by HMRC?
8.5 Check a sample (dependent on nos.) of one month's payslip details to supporting records/Council approved salary levels for both accuracy of amount paid and, where relevant, certification by an appropriate officer.
8.6 Check payroll deductions to tax and NI tables using the current year's HMRC CD-Rom to ensure accuracy and that the correct tables are being applied.
8.7 Ensure that pension contributions are being calculated appropriately in line with the LG pension scheme as further amended from 1/4/14.
8.8 Ensure that any additions to pay (overtime and allowances) have been properly approved by a senior officer and are correctly calculated.
8.9 Verify the accuracy of payments made to individuals and external agencies in the month under review.
8.10 Check that the Council has adopted an "LGPS Employer's Discretions Policy" as now required under the LGPS 2014 Scheme.
8.11 Ensure that regular returns are being prepared accurately and are being submitted in accordance with the revised HMRC RTI reporting requirements.

9. Asset Registers:

Programme
9.1 Establish whether the Council is maintaining Asset & Inventory Registers as required by the 1996 Accounts and Audit Regulations.
9.2 Has the Council formally determined the level at which expenditure is to be capitalised? (<i>Rule of thumb – over £1,000 on individual items or a group of items such as computer hardware and software</i>).
9.3 Do the Registers identify all assets and equipment owned by the Council, separately detailing capital assets and those of an inventory nature (i.e. those below the approved capitalisation threshold)? Where applicable, detail should also identify registration / serial numbers.
9.4 Review the Asset Register and consider whether all appropriate assets are covered by insurance and ensure consistency and appropriateness of cover.
9.5 Ensure that the Annual Return asset value at Box 9 of Section 1 is based on purchase cost, as per the amended Regulations , and is neither appreciated in line with annual insurance schedule uplifts or depreciated (the latter requirement should only be applied to the largest councils with budgets in excess of £6.5m).

10. Investments & Loans

Programme
10.1 Where investments are held verify their value as at 31 st March to prime documents and obtain copies for future reference. Remember that "long-term" investments (i.e. deposits for longer than 1 year) should be regarded as fixed assets and disclosed as such at Box 9 of the Annual Return and not be included in the Balances brought and carried forward at Boxes 1, 7 & 8.
10.2 Ensure that the Council is receiving all dividends and interest due on investments and that detail is recorded appropriately.
10.3 Ensure that any new loans acquired in the year have been subjected to the appropriate loan sanction approval procedures through county associations and DC&LG: review and obtain copies of the relevant documentation. (NB: Short-term loans repaid in the financial year of receipt are not subject to the same sanction requirement).
10.4 Ensure that the balance of loan liability recorded in the Accounts/Annual Return is correct and that interest and capital repayments are correctly recorded in accordance with CIPFA guidance.
10.5 Where the Council has issued loans to local bodies, review and obtain copies of the relevant agreements and ensure that appropriate guarantees have been obtained covering repayment of outstanding loans.

11. Bank reconciliations

Programme
11.1 Ensure that the Council has, as a minimum, carried out a reconciliation of the cashbook to the bank account(s) at the year-end: these should be undertaken at least quarterly.
11.2 Review and agree detail on a sample of reconciliation(s) during the year. As a minimum, the year-end reconciliation should be verified and copies of the year-end bank statements taken for the file (NB: year-end statements only).
11.3 Ensure that any 'out of date' cheques are being written back promptly in the cash book.
11.4 Review the reconciliation for any other abnormal/balancing entries and verify their accuracy.

12. Annual Return / Financial Statements

Programme
12.1 Examine the Statements of Account to ensure that they are complete including: <ul style="list-style-type: none">• An Income & Expenditure or Receipts & Payments Account, in accordance with legislative requirements (i.e. >£200k for I&E A/cs and <£200k for R&P A/cs)<ul style="list-style-type: none">• A Balance Sheet (where appropriate)• Supporting Statements and Notes NB: All Accounts should ideally be in the standardised format as promoted by the NALC.

12.2	Agree the Accounts to the cashbook/financial ledger, including adjustments for opening and closing debtors and creditors (where appropriate).
12.3	Where applicable, review the Council's arrangements for identifying year-end debtors and creditors and test the accuracy of those disclosed by reference to new-year receipts and payments. Obtain copies of relevant supporting schedules.
12.4	Ensure that no debtors (or creditors) remain unpaid for an undue length of time and that the Council has appropriate debt recovery procedures in place (see also 6.8 above).
12.5	Ensure that the value of capital acquisitions recorded on the R&P A/c or I&E A/c agrees with the increased value recorded on the Supporting Statement/Balance Sheet & Annual Return.
12.6	Ensure that, where applicable, certified stock sheets support the value of any stocks recorded on the Balance Sheet. Where appropriate, ensure that retail/selling price control accounts are being prepared for all saleable stocks.
12.7	Ensure that the upper limit for S.137 expenditure in the year has been correctly calculated and that expenditure does not exceed that value in the year (NB: this is ring-fenced and any unspent balance may not be "rolled forward" to the next year.
12.8	Ensure that the appropriate treatment has been applied to any charitable funds for which the Council acts as trustee (sole or custodial): NB. They should be excluded from the Annual Return detail.
12.9	Ensure that detail on the Annual Return is consistent with the Statement of Accounts and underlying accounting records. Obtain copies of Annual Return completed Sections 1, 2 & 4.