

Minutes of the Meeting of the Finance Committee

08 March 2010

John and Betty Mobbs Room, at 7.30 pm

Present: Cllr Andrews (Chairman); Cllr Oldham, Cllr Hudson, Cllr Granger, Clerk
Apologies for absence: None

Documents presented at the Meeting:

Minutes of Meeting 27 April 2009; Financial Standing Orders; Statement of Accounts 27 February 2010; Risk Identification and Internal Controls Document; Assets Register; NU Insurance Schedule; Governance and Accountability in Local Councils in England and Wales – A Practitioners' Guide: Appx 9 and Internal Audit Review Checklist; Internal Auditor's Report 8 May 2009; External Auditor's Letter 5 Feb 2010; External Audit Annual Governance Statement.

1. Standing Orders

To review financial Standing Orders.

It was agreed that the wording would be amended as follows (previous Order in italics):

Addition approved at Parish Council meeting 18 July 2000

The order value below which it is not necessary to seek open tenders may be increased to £750 in cases where the degree of urgency in completing the work justifies such action, provided the order is countersigned by the Chairman of the Finance Sub-Committee, or, in (*his*) his/her absence, by the Chairman of the Council

Addition approved at Parish Council meeting 15 May 2001 and updated 19 May 2009

Where there is an urgent need for spending by the Council which does not exceed £500 (excluding VAT) the Chairman, Vice Chairman or any of the Chairmen of the Committees (*any of the Chairmen of the Sub-Committees*) together with one other Council member has the authority to submit an order on behalf of the Council without prior Council approval. Ratification will be obtained at the next Parish Council meeting following the expenditure.

Action: Clerk/Full Council approval on 16 March 2010

2. Banking policy

To review banking policy and investments

It was agreed it was wise to spread investments between different banks and that the current banks used: the Co-operative Bank and Lloyds TSB were low risk. It was agreed that 3 month investment terms was appropriate as the difference in % for a 6 month term was not significantly better. It was agreed to retain the Bank of Ireland account in order that a third bank could be available if required. The signatories on the bank mandates was discussed. Clerk advised that four Councillor signatories plus Clerk was sufficient to cover cheque signing and instructions.

Action: Clerk to check and confirm updated signatories on bank mandates

3. **Asset Register and Insurance**
To review cover including Fidelity Guarantee and Public Liability

The asset register required two amendments:

Sponders Mede beaufort bench was now located on the Common

3 picnic tables were not listed under the Play equipment

Clerk confirmed that both items were insured with Norwich Union on their schedule.

The Fidelity Guarantee of £100,000 (as standard) was agreed sufficient to cover total Parish funds of £70,000.

The Public Liability for £10M of indemnity (as standard) was agreed sufficient.

Action: Clerk to amend Asset Register

4. **Assessment of risks and internal control systems**
To assess the risks facing the Council and review the effectiveness of the internal controls in managing the risks.

It was agreed that the risks identified and internal controls in place to manage the risks was comprehensive. The system of internal controls was effective in the management of the risks. The review produced the following amendments/additions to the Risk Identification and Internal Controls document, as agreed:

Keeping proper financial records in accordance with statutory requirements

Standing Orders issued to all new Councillors, reviewed annually and used for approval of expenditure (amendment)

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

Standing Order in place for agreed handling of mail and correspondence (addition)

Change of Clerk (new risk identified)

References must be checked before appointment of new Clerk

Internal Audit should take place in final quarter of outgoing Clerk

Internal Audit should take place in second quarter of incoming Clerk

Internal Audit Assurance

Auditor should be Chartered Public Finance Accountant (addition)

Letter of engagement to state the Governance and Accountability in Local Councils in England and Wales – A Practitioners' Guide Appx 9 to be used for audit process (addition)

5. **Internal Audit**
To assess the internal audit procedure and review its effectiveness

The current auditor, John Murray, is a CPFA and met the standards for independence and competence. The scope of the internal audit as defined by Appx 9 is used by John Murray and was agreed a comprehensive list to meet the requirements for audit. The auditor's report gave worthwhile feedback and items noted in the Internal Audit Report for year ended 31 March 2009 had been addressed. The Internal Audit Review Checklist identified the following areas for development: the auditor should consider whether the Council had taken proper consideration of the need to mitigate financial risk to its cash

investments; the Parish Council needs to establish terms of reference for its Committees defining their composition, responsibilities and procedures. The internal audit was found to add value by ensuring that the Council was aware of risks and the need to assess them. It ensured the Council maintained sound systems of internal control to manage the risks. It noted areas for improvement of practice and updated publications for governance. Overall it was effective in providing reliable assurance that the Council/Clerk/RFO operated within proper guidelines.

Action: Full Council approval on 16 March 2010 of scope and plan of internal audit

6. **External Audit – Annual Governance Statement**

To consider Statements 1-9 on the Annual return to meet requirements for the completion of External Audit

Councillors assessed and affirmed Statements 2 – 8 with regard meeting responsibilities for the 2009/10 audit. Statement 1: the end of year accounts, would be assessed when presented. The Clerk would follow up on Statement 9 with regard to the Parish Council meeting its responsibilities as Trustee for the village hall and report back.

Action: to contact external audit/HALC legal advisors and confirm requirements for responsibilities under Statement 9.

7. **Any other business**

a) Freehold purchase of Oakwood Park Recreation Ground

It was agreed that the negotiations with Southern Water would be best handled by Goadsby who undertook the valuation of the ground.

Action: Full Council approval on 16 March 2010 for Goadsby to conduct negotiations.

b) Subscriptions

Current subscriptions comprised:

Hampshire Association of Local Councils (including NALC)	£318
Local Council Review	£ 14
Open Spaces Society	£ 40
Council for the Protection of Rural England	£ 29

It was agreed that these would be reviewed before next subscription

Action: Full Council decision on 16 March 2010 for further subscription