

**MINUTES OF THE AUDIT COMMITTEE
OF STAVELEY TOWN COUNCIL**

Wednesday 15th October 2014
Commencing at 7.00 p.m.
In the Council Chamber, Staveley Hall

Present:
 Councillor J. Bacon
 Councillor L. Collins
 Councillor H. Elliott

In attendance:
 Paul Harris – Acting Town Clerk and Financial Officer

		ACTION
388/14	<p>ELECTION OF CHAIR OF THE AUDIT COMMITTEE FOR THE YEAR 2014/2015 It was proposed and seconded that Councillor Julie Bacon be nominated as Chair of the Audit Committee for the financial year 2014/2015. All were in favour.</p> <p>RESOLVED – That Councillor Julie Bacon be elected to serve as Chair of the Audit Committee for the financial year 2014/2015.</p>	
389/14	<p>ELECTION OF VICE-CHAIR OF THE AUDIT COMMITTEE FOR THE YEAR 2014/2015 It was proposed and seconded that Councillor Lisa Collins be nominated as Vice-Chair of the Audit Committee for the financial year 2014/2015. It was</p> <p>RESOLVED – That Councillor Lisa Collins be elected to serve as Vice-Chair of the Audit Committee for the financial year 2014/2015</p>	
390/14	<p>PART ONE: PUBLIC BUSINESS PUBLIC SESSION There were no members of the public present.</p>	
391/14	<p>DISCLOSURE OF MEMBERS' INTERESTS There were no Declarations of Members Interests.</p>	
392/14	<p>APOLOGIES FOR ABSENCE Councillor J. McManus Councillor E. Tidd</p>	

<p>393/14</p>	<p>COUNCILLORS NOT PRESENT There were no Councillors not present.</p>	
<p>394/14</p>	<p>ANNUAL RETURN/GOVERNANCE STATEMENT – REVIEW Members had received a copy of the Annual Return, Review and Accounting Statements, which had been passed to Grant Thornton the Council’s external auditors.</p> <p>Section 3 - the external auditors certificate had not been signed as an opinion had not yet been reached. To comply with legislation regulations the annual accounts had to be displayed on the Staveley Town Council noticeboards by 30th September. Therefore a letter had been issued saying there was no audit opinion at that time.</p> <p>Section 4 the internal auditor’s report, Financial Regulations and the Acting Town Clerk’s report had also been attached.</p> <p>Terms of Reference for this Committee had been AGREED at the Staveley Town Council meeting held on 9th September 2014.</p> <p>Councillor J. Bacon made members aware that the Audit Committee was to make sure Staveley Town Council Members and Staveley Town Council staff adhered to all Staveley Town Council Financial Regulations, External Financial Regulations and banking regulations.</p> <p>The Acting Town Clerk asked all members if they were clear on the role of the Audit Committee.</p> <p>Councillor L. Collins commented that she was unclear of the role but was of the understanding that under the advice of John Marriot the internal auditor an Audit Committee should have been already in existence. Councillor L. Collins said that Staveley Town Council should be proactive and not reactive, she hoped that things would be moved forward for the members of this Council and future members.</p> <p>The Acting Town Clerk informed members that it had been a difficult time getting the Council into a better position. The Acting Town Clerk informed members that an audit had been undertaken, and he informed members that it was unusual for an external auditor not to have reached an opinion by this point, but said the audit could have been complicated. Councillor J. Bacon commented that a forensic audit may be</p>	

	<p>being undertaken.</p> <p>Councillor L. Collins commented that they would have to be mindful as there were things that they had been made aware of that they hadn't known and as sitting Councillors they would be the ones who would be held responsible. She was of the opinion that all information i.e. reports and figures should be given transparently so that they could act accordingly, and now move forward.</p> <p>The Acting Town Clerk referred back to the Annual Return, Governance Statement and Accounting Statements Section 1.</p> <p>With regard to the Governance Statement plans needed to be put in place so that in future years there would be more 'yes' answers. The Acting Town Clerk said things were relatively straight forward and it was more a matter of moving forward in terms of the internal audit report.</p> <p>The Acting Town Clerk suggested that an Action Plan needed to be drawn up, as to what members would like to do and what they would like John Marriott to look at with regard to the interim internal audit, how they would deal with Governance Statements and make sure that proper practices were in place.</p> <p>The Acting Town Clerk informed Members that the Financial Regulations had been included with the Agenda at Item 8, and also Action Planning Item 9, i.e. setting up what members wished to do and how they would report back to other Council members, and making sure that the officer of the Council was complying with what he should be doing.</p> <p>Councillor L. Collins questioned the Acting Town Clerk on items on the Governance Statement as to how they could achieve the 'yes' answers.</p> <p>The Acting Town Clerk informed Members that the bank reconciliations had taken place, this could then be signed off by someone who wasn't a cheque signatory at the next Council meeting.</p> <p>In regard to proper practices they were to do with the Financial Regulations which the Council had agreed.</p> <p>Councillor J. Bacon asked if all outstanding bills had been cleared. The Acting Town Clerk informed Members that nothing was outstanding, and as they were adhering to proper practices invoices were viewed at Council meetings</p>	
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	<p>where they could be approved and paid.</p> <p>The initial five points of the Governance Statement had been taken on board.</p> <p>The Acting Town Clerk said the main focus was to get the Financial Regulations in place, but they had not been enacted until the beginning of July, due to staffing and workload getting proper systems in place.</p> <p>Councillor L. Collins asked who had undertaken the internal audit in previous years and whether or not it had been undertaken diligently. Councillor J. Bacon informed members that Brian Wood had undertaken internal audits in the previous years. Councillors were of the opinion that it had not been undertaken diligently. The Acting Town Clerk informed members that this audit report had called previous audit reports into question.</p> <p>The Acting Town Clerk informed members that reports and schedules of payments were going to Council. Any particular problems and issues were being put to Council rather than the Acting Town Clerk making decisions.</p> <p>The Acting Town Clerk commented that being realistic he was not sure how perfect an audit they would get next year, but it was hoped significant improvements could be made.</p> <p>Members referred back to the Annual Governance Statement.</p> <p>No. 2 Internal Control – Actions were now in place i.e. statements and schedules were put to the Council, cheques were being signed with invoices attached, bank statements were being provided and bank reconciliations were put to Council. Petty cash, bar float and quotes for tenders/contractors were discussed.</p> <p>No. 3 Reasonable Steps – The Acting Town Clerk would bring everything requested to full Council. The Acting Town Clerk made members aware that this was to make sure whatever the Council does falls within the remit of a Town Council.</p> <p>No. 5. Assessment of Risks - The Risk Assessment had been taken to Policy and Finance. Software needed to be put in place to enable a risk assessment to take place it was agreed that the software could be purchased. This was therefore in the process. Insurance was discussed and members were told cover was in place but this may need to be looked at further with regard to the asset register. It was suggested that Councillor J. Bacon go through Staveley Town Council assets with the Acting Town Clerk at a future date. Valuation</p>	
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	<p>of assets was important to make sure that the insurance was at the correct level, and valuations would have to be undertaken.</p> <p>The Acting Town Clerk mentioned the financial risk assessment, this would include loss of information. New servers had been put in place and systems were backed up properly.</p> <p>The Acting Town Clerk informed members that the accounting system was adequate and did not need replacing. Data entries were up to date. The Acting Town Clerk informed members that the payments by BACS were no longer in operation, on-line payments were now in place. The Acting Town Clerk informed members that he was the only person with access to the on-line payments. Councillor L. Collins asked if this was best practise to only have one person as the sole user of this system. A further discussion took place with regard to on-line payments and the Acting Town Clerk informed members that they must be aware of the Financial Regulations as all processes and procedures were included therein.</p> <p>Councillor J. Bacon asked if CHAPS payments were still being used. The Acting Town Clerk said these could still be used but these had to be done by two signatories and then countersigned by the Acting Town Clerk.</p> <p>The Acting Town Clerk informed members that they had to be happy with the procedures in place, and if members were not happy, then procedures would have to be addressed more fully.</p> <p>Councillor L. Collins commented that the Policy, Publicity and Finance Committee should be made aware that they should be adhering to the financial regulations. This was further discussed with regard to the role of Councillor J. Bacon on the Policy, Publicity and Finance Committee. It was felt that Councillor J. Bacon should be an observer on the Policy, Publicity and Finance Committee and not a member, to make recommendations.</p> <p>Councillor L. Collins asked if staff had sight of the Financial Regulations and risk assessments. The Acting Town Clerk agreed this could be done.</p> <p>Councillor L. Collins commented that although the Internal Audit had been harsh it was honest and thought John Marriott had provided a good internal audit. It was hoped that the internal audit would be better next year.</p>	
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	<p>Litigation etc. - Councillor J. Bacon felt that not everything had been disclosed to Council previously but as of now that would be adhered to as everything would go to Full Council.</p> <p>Section 4 – The Acting Town Clerk informed members that this section was to do with internal control and proper practices.</p> <p>The Acting Town Clerk informed members that the VAT was now up to date, and was being appropriately accounted for.</p> <p>With regard to the Precept, Councillors said they had not been given the accurate information to set a precept. Budget reports would be put to the Full Council. Joe Taylor had prepared these and they should put Members in a position to set a Precept.</p> <p>Petty cash was further discussed.</p> <p>The Asset Register would need to be undertaken.</p>	
<p>395/14</p>	<p>FINANCIAL PROCESSES – BASIC UNDERSTANDING</p> <p>The Acting Town Clerk asked Members if there was anything they needed to discuss under the Financial Regulations.</p> <p>Councillor L. Collins felt that laminated copies of the Financial Regulations should be accessible at every meeting of the Audit Committee and the Policy, Publicity and Finance Committee to be referred to.</p> <p>Councillor L. Collins asked the Acting Town Clerk if he would be able to highlight and make members aware before Committees if there was any cause for concern over any financial matters.</p> <p>The Acting Town Clerk responded that the main issue would be the Phase 2 Contract of the Heart of Staveley Project.</p> <p>Members needed to know how the preferred contractor had been decided upon.</p> <p>The Acting Town Clerk informed members that the contract had to comply with ERDF to make sure that the money would not be lost.</p>	
<p>396/14</p>	<p>AUDIT REPORT – ACTION PLANNING</p> <p>Members discussed the Acting Town Clerk’s audit report.</p> <p>Points raised were: The missing money and bar float had been reported to the</p>	

	<p>Police. The six monthly review with the Internal Auditor.</p> <p>Councillor L. Collins asked if a six monthly review was sufficient.</p> <p>The Acting Town Clerk responded that John Marriott would look at undertaking a review in six months' time and any questions and queries would be welcomed by Members at that time.</p> <p>With regard to the Staff Review, Mark Evans from Chesterfield Borough Council was undertaking this, with regard to roles and his feedback was awaited.</p> <p>Councillor L. Collins thanked The Acting Town Clerk for his work.</p> <p>The Acting Paul Clerk suggested that Members come up with an Action Plan as an initial starting point, and asked how often the committee would like to meet.</p> <p>Councillor L. Collins said to take on board Jo Taylor's comments with regard to how Petty Cash should be dealt with.</p> <p>Councillor L. Collins suggested emailing with updates, also to use this a paper trail. It was thought that meetings would still have to be held but not on a monthly basis. It was recommended that the next meeting should be held at the end of January 2015 which would The Acting Town Clerk to make sure processes were up and running.</p> <p>It was therefore RECOMMENDED that (i) money and receipts be entered into the accounts package and work in good practise. (ii) Petty Cash system be put in place taking on board Jo Taylor's comments (iii) A meeting in the third week of January 2015 be held, and every two months thereafter. (iv) That the Asset Register be brought up to date. Councillor J. Bacon to work alongside the Acting Town Clerk to look at what needed to be on this. That Councillor D. Collins to make initial enquiries if a surveyor from Derbyshire County Council could undertake the valuations. (v) That the Software for the Financial Risk Assessment be purchased and put in place (vi) The Audit Committee to ask why Tomlinson's in the preferred contractor for Phase 2 of the Heart of Staveley</p>	
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<p>397/14</p>	<p>Project, and future tenders to be opened in front of two councillors and the Acting Town Clerk.</p> <p>The Action Plan was therefore AGREED.</p> <p>Three votes for.</p> <p>ANY OTHER BUSINESS There was no other business.</p>	
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