



EAST PRESTON PARISH COUNCIL

Council Office, 122 Sea Road, East Preston, West Sussex. BN16 1NN

01903 770050

<http://eastpreston.arun.gov.uk>

Email: epparishcouncil@btconnect.com

AUDIT & GOVERNANCE COMMITTEE

MINUTES: of the Committee Meeting held on Monday 25th June, 2018 at East Preston Infant School, Lashmar Road, East Preston at 18:45

PRESENT: Councillors E Linton, G Mathias (Chairman), R McElroy (from 18:47), D Shah (from 18:52), S Toney and S Wilkinson

ALSO: Clerk to the Council, Simon Cross

Following the Annual Meeting of the Council on 14th May, the membership of this committee was Cllrs Linton (Chairman of the Community Engagement Committee), Mathias (Chairman of the Planning & Licensing Committee), McElroy (Chairman of the Amenities Committee), Shah (Chairman of the Finance & General Purposes Committee) and Wilkinson. This composition reflected the council's decision all committee chairmen should automatically be members of this committee. (Minute 270/18, Resolution 1198) As Chairman of the Council, Cllr Toney was entitled to attend and vote at meetings of the committee. The Chairman of the Personnel Committee, once appointed for the current year, would also become a member of the committee.

The meeting opened at 18:45.

443/18 APPOINTMENT OF A COMMITTEE CHAIRMAN FOR THE YEAR 2018/19

Cllr Mathias was appointed unopposed.

444/18 APPOINTMENT OF A COMMITTEE VICE-CHAIRMAN FOR THE YEAR 2018/19

Cllr Shah was appointed.

445/18 APOLOGIES AND REASONS FOR ABSENCE

All committee members were in attendance.

446/18 PERSONAL AND/OR PREJUDICIAL INTERESTS

Cllr Linton declared a Personal Interest in Agenda Item 10, *Leases Working Party: to receive an update on the draft lease to Angmering-on-Sea Lawn Tennis Club and to consider any matters pertaining thereto*. Cllr Linton is a member of the club.

Cllr McElroy declared a Personal Interest in Agenda Item 11, *Leases Working Party: to consider any matters relating to any other current leases*. Cllr McElroy is married to a member of the Village Hall Foundation committee.

447/18 PUBLIC QUESTION TIME

No members of the public were present.

448/18 COMMITTEE TERMS OF REFERENCE

The committee carried out the annual review of the committee's Terms of Reference. Some small revisions were made resulting in Version 6 of the Terms of Reference. These can be found at Appendix A below.

There was some concern about the addition of the statement, "Minor amendments can be made within the committee itself." to 1.2. This was addressed with the understanding the committee had sufficient members that should one member suggest the passing of a less-than-minor amendment without recourse to Full Council, the member would be defeated.

The meeting AGREED to undertake a fuller review of §6.14 at the next committee meeting.

The Clerk will try to get hold of Arun District Council's Emergency Plan in the meantime.

449/18 MINUTES OF THE MEETING HELD ON 26TH MARCH 2018

The draft Minutes of the last meeting had been circulated to all councillors on 29th March asking for any comments by 6h April. No comments had been received.

The committee AGREED that the Minutes could be signed and this was duly completed by the Chairman.

450/18 UPDATES ON MATTERS ARISING FROM PREVIOUS MEETINGS

The following report had been circulated in advance of the meeting:

Matters Arising

Minute 202/17 – Council Security and Access Arrangements – the Clerk has supplied the Chairman and Vice-Chairman of the Council with the codes necessary to get into the office in an emergency.

Minute 221/18 – Apologies and reasons for absence – Full Council has agreed all committee Chairmen should automatically be a member of this committee. To date, following the Annual Meeting of the Council on 14th May, the following councillors have been elected to committee chairman roles: Cllrs Linton (Community Engagement), Mathias (Planning & Licensing), McElroy (Amenities) and Shah (Finance & General Purposes). Together with Cllr Toney (Chairman of the Council) and Cllr Wilkinson (willing volunteer), membership of the committee stands at six. If the Chairman of the Personnel Committee is not one of the above, then the membership of the committee will stand at its maximum of seven. Rules for membership of this committee may need to be refined for future years as potentially membership could exceed the five ordinary members plus Chairman and Vice-Chairman of the Council.

Minute 226/18 – Leases Working Party: Angmering-on-Sea Lawn Tennis Club – the Leases Working Party has been happy to sign the lease for the past month or so, since which time there has been a delay on the Tennis Club. Hot off the press this afternoon is the following update from our solicitor, "Further to Nicky's email of 14 June I have now received the Deed of Surrender through from Mike Barker which is absolutely fine apart from he has it down on the signatory clause to be Rustington Parish Council and not yourselves. I have asked him to amend this. As soon as I hear back from him with a fresh document I will let you know."

Minute 228/18 – General Data Protection Regulations (GDPR) – although whether it was necessary to or not is debatable, in the run-up to the GDPR taking effect, I did highlight in three consecutive news emails to residents the Unsubscribe option at the bottom of each news email. I know there are people on the council's e-mailing list who only read some of the news emails they are sent and, chances are, asking them to confirm their subscription would have lost a lot of subscribers. Only three or four subscribers chose the Unsubscribe option, mainly because they had left the village. Although, there was no requirement for subscribers to confirm their subscription (as for most we already have written consent), a very complimentary 135 subscribers actually wrote back to ask to be kept on the e-mailing list.

Minute 229/18 – Risk Register – the agreed updates have been applied and version 18 of the Risk Register is available should any councillor wish to see a copy. The new risks identified at the last meeting have been numbered 26 and 27.

Minute 230/18 – East Preston Cricket Club – at its twice-yearly meeting with the council on 29th March, the club agreed to the revised wording for the licence document, albeit slightly reluctantly as the Chairman of the club was hoping to get something in place about the division of future expenditure for new or replacement netting. The new licence has not been signed yet just because of time constraints. Until it is signed the minorly different existing licence document stands.

Simon Cross – **Clerk to the Council**

18th June 2018

The meeting AGREED a portable doorbell should be bought. This would give latecomers access to council meetings at the school without compromising its security.

451/18 INTERNAL AUDIT FOR YEAR-ENDING 31ST MARCH 2018

The committee reviewed the Internal Audit report for the year-ending 31st March 2018. This had been circulated in advance of the meeting and can be found at Appendix B below.

In particular the committee reviewed the findings section of the report.

FINDINGS

- 1) I carried out a detailed review of payments and receipts, and a review of the nominal ledger in the period
- 2) The fixed asset register has been correctly updated to include additions in the year, but the insurance policy needs to be updated to include the MUGA and the defibrillator
- 3) I reviewed the minutes for the period 1 October to 31 March, and confirmed that payments were correctly authorised, and that regular reports were provided to Council meetings
- 4) I reviewed the VAT returns and posting to the VAT account in the nominal ledger
- 5) The accounts were reviewed for accuracy, and agreed to the trial balance and nominal ledger. The annual return was checked to confirm that the figures recorded agreed to the accounts.
- 6) Staff costs on the annual return did not agree to the figures in the trial balance, but this has now been amended
- 7) Grants made to bodies providing information eg Citizens Advice Bureau, Victim Support and the Mediation Service should be given under S142 of the Local Government Act 1972, not S137.

With reference to finding 2), the Clerk explained the MUGA was covered by Arun District Council's insurance. The Clerk had contacted this council's insurance brokers in December 2017 to have the new defibrillator and cabinet added to the insurance policy and had received the following response, "The policy we arrange on behalf of Inspire/AXA provides automatic loss or damage cover up to a sum insured of £5,000 for defibrillators and cabinets. Therefore, unless the newly purchased defibrillator and cabinet exceed this amount, they are covered for no extra charge." The defib and cabinet purchase price easily does not exceed £5,000.

Finding 6) was related to the way in which the staff costs are compiled. Staff costs had been compiled using methodology previously supplied by Mrs Hall, but Mrs Hall changed that methodology this year.

Finding 7) the Clerk explained Mrs Hall did not have a problem with the council recording grants against S137 of the Local Government Act 1972 when they could be recorded against S142 which would free up some of the S137 money available to the council each year. As the council rarely exhausts its S137 money, the committee also did not see this as a problem.

Cllr Mathias then referred to the Summary and Opinion section and complimented the "good people" who work as officers for the council. The committee agreed.

452/18 LEASES WORKING PARTY: ANGMERING-ON-SEA LAWN TENNIS CLUB

Cllr Mathias advised the meeting the council had met its solicitors on 9th May the council was ready to sign the new lease. Subsequently, there appeared to be an outstanding matter between the club and the Lawn Tennis Association related to the Association's loan to the club and the council awaited the wherewithal to sign the new lease.

453/18 LEASES WORKING PARTY: OTHER LEASES

The committee AGREED the Leases Working Party should next go back to looking at the lease to the East Preston & Kingston Village Hall Foundation. Cllr Mathias agreed he would arrange such a meeting in due course.

454/18 COUNCIL TECHNOLOGY FOR COUNCILLORS

The following report had been circulated in advance of the meeting:

Council technology for councillors

Committee is asked to consider further the provision of council-owned technology and East Preston Parish Council email addresses for all councillors.

As part of the council's preparation for General Data Protection Regulations compliance, it has been suggested the council issues all councillors, post-May 2019 election, with a tablet and an East Preston Parish Council email address. The benefits are, with a policy of using tablets only for council business, councillors would retain some division between council and personal life. As the tablets would be council-owned, office staff would be able to administer passwords remotely so when a councillor resigned, the office could change the password for that tablet effectively rendering it useless to anyone else. Similarly, office staff could also have the ability to change an email password remotely so again when a councillor resigned, email access could be blocked instantly. A further benefit would be a reduction in the amount of paper the office gets through; whilst all councillors would be encouraged to go paper-free, there would be an option for councillors to receive paper copies if necessary. (All councillors since May 2015 have signed to say they will be paper-less but only four councillors actually are.)

One councillor has asked for the email addresses side of this to be expedited due to the amount of emails the council generates these days.

Simon Cross – **Clerk to the Council**

19th June 2018

The Clerk advised he had subsequently contacted a local IT company which had provided a quotation for the supply of tablets for councillors and email accounts. Committee members felt the quotation was too high and some councillors also doubted the need for the purchase of tablets for councillors anyway – the cost savings and security improvements might not cost in.

The Clerk agreed to contact Maureen Chaffe for further guidance on why she would recommend this technical solution at this time and other local suppliers for quotations for the suggested technology.

455/18 URGENT MATTERS FOR INFORMATION ONLY

No urgent matters were raised.

456/18 MATTERS TO BE DISCUSSED AT THE NEXT MEETING (10TH SEPTEMBER)

Nothing was suggested.

The Meeting closed at 19:46.

Chairman: *Cllr Glyn Mathias*

Date: **10th September 2018**

Terms of Reference for Audit & Governance Committee

Version 6; adopted 25th June 2018

1. Constitution

- 1.1. The Audit and Governance Committee is constituted as a Committee of the East Preston Parish Council.
- 1.2. The Committee's terms of reference may be amended at any time by the Council. Minor amendments can be made within the committee itself.
- 1.3. The Committee may from time to time investigate, discuss or review matters outside its terms of reference if required to do so by the Council.

2. Authority

- 2.1. The Committee is authorised by the Council to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any Councillor or employee of the Council and all such are directed to co-operate with any request made by the Committee.
- 2.2. The Committee is authorised by the Council to obtain external legal or other professional advice and to secure the attendance of anyone it considers has relevant experience, expertise or knowledge with the agreement of the Chairman of the Council and the Chairman of the Finance & General Purposes Committee.
- 2.3. The Chairman (or in his or her absence, the Vice-Chairman) will attend regular meetings with the council's tenants – Angmering-on-Sea Lawn Tennis Club, East Preston & Kingston Bowls Club, East Preston & Kingston Village Hall Foundation and East Preston Cricket Club – alongside the Chairman (or Vice-Chairman) of the Council and the Chairmen of the Amenities and Finance & General Purposes Committees.

3. Membership

- 3.1. The Chairman and Vice-Chairman of the Council and the chairmen of each of the council's committees shall automatically be members of this committee. (Full Council, 9th April 2018, Minute 270/18, Resolution 1198)
Additionally, space permitting, other committee members shall be appointed by the Council from amongst its members. Chairmen of committees can nominate their Vice-Chairmen to attend on their behalf on occasion.
 - 3.2. The Committee shall elect a Chairman for the year at its first meeting in every council year.
 - 3.3. The Clerk of the Council is Secretary to the Committee.
- N.B. In some years, it may not be possible to finalise the membership of the committee until all other committees have appointed a Chairman.

4. Attendance at Meetings

- 4.1. The quorum necessary for the transaction of the business of the Committee shall be at least one half of the members or not less than 3.
- 4.2. At least once a year the Committee shall have the opportunity to meet with the Internal Auditor.

5. Frequency of meetings

- 5.1. Meetings shall be held at least three times a year.

5.2. Additional meetings may be called by the Council or by the Chairman of the Committee.

6. Responsibilities

- 6.1 To advise the Council on the effectiveness of its corporate governance structures
- 6.2 To ensure the appointment of an Internal Auditor is regularly competed, and to recommend an appointment to Council
- 6.3 To receive a programme of work from the appointed Internal Auditor for the next financial year before the end of each financial year
- 6.4 To consider the adequacy of the Internal Auditor's proposed programme in testing the Council's financial systems
- 6.5 To negotiate with the Internal Auditor any additional work considered necessary and to recommend these additions to Council
- 6.6 To receive and consider reports and recommendations from Internal and External Auditors and recommend replies to Council
- 6.7 To review the Council's Annual Financial Statements and consider if these conform to principles of accountability, clarity and transparency; this should take place after the Finance & General Purposes has approved the year-end accounts and before the Full Council meeting at which the Annual Return is approved
- 6.8 To recommend to Council actions to be taken to rectify any problems with, and effect any improvements to, the Council's financial systems
- 6.9 To carry out spot checks on the Council's financial systems, particularly where these have been recently changed in order to give Council early warning of problems which the Council's auditors may consider significant.
- 6.10 To review placed Purchase Orders issued on behalf of the Council, to check compliance with the Council's Financial Regulations, and to check detailing of the Orders is adequate and sufficient to eliminate doubt regarding the Council's requirements
- 6.11 To audit placed Council tenders, to check compliance with the Council's Financial Regulations, and to check no possibility of bias exists in the management of these tenders and resulting contracts placed
- 6.12 To review regularly the Council's accounting policies, Risk Management System and the financial aspects of the Council's Standing Orders and to recommend improvements to Council
- 6.13 To complete, on behalf of the council, an annual review of the effectiveness of Internal Audit using the form *Internal Audit Review Checklist – Part 2 – Characteristics of Effectiveness*.
- 6.14 To develop an overall strategy for EPPC. This strategy would be of sufficient scope to support:
 - Community-Led Plan
 - Business Plan
 - Neighbourhood Plan
 - Strategy for the land and buildings owned by EPPC
 - Emergency Planning
 - Road Safety

7. Reporting Procedures

- 7.1. The minutes of the Committee shall normally be reported to the next Committee meeting.
- 7.2. The Chairman of the Committee shall provide a written summary of each meeting for the following Full Council meeting.

EAST PRESTON PARISH COUNCIL

FINAL INTERNAL AUDIT REPORT

FOR THE YEAR ENDED 31 MARCH 2018

INTRODUCTION

An internal audit of the Parish Council's financial records for the year 2017/2018 has recently been completed. The audit included all financial transactions for the period 1 October 2017 to 31 March 2018 inclusive.

The audit was undertaken in compliance with the requirements of the Accounts and Audit (England) Regulations 2015, and in accordance with the agreed and accepted Audit Plan.

Regulation 3 of the Accounts and Audit (England) Regulations states that the Parish Council must ensure that it has a sound system of internal control which—

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk

Regulation 5 of the Accounts and Audit (England) Regulations states that the Parish Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, and any officer or member of the Parish Council, if required to do so for the purposes of the internal audit shall -

- (a) make available such documents and records; and
- (b) supply such information and explanations;

The objective of the internal audit is to determine whether the accounting arrangements, procedural controls, records, and documentary evidence are adequate to ensure the accurate and timely recording of financial transactions, so as to comply with all relevant legislation and best practice.

Audit work is generally carried out by sampling – a random sample is initially chosen from the nominal ledger (I would normally choose a selection of large items, regular items, and “one-off” items). Over the course of the year (interim and final audit) I have reviewed approximately 30% of all transactions. Walk through checks are often used to confirm that internal controls operate correctly – for example, I would pick a purchase order at random, make sure it has been approved (both on the order and in the minutes), match it to the purchase invoice, and agree the resulting payment to the cheque book stub/BACS authorisation list and bank statement. Walk through checks are also carried out in reverse – ie choose a payment from the bank statement, trace it to the cheque book stub/BACS authorisation list, to the invoice, to the purchase order, and finally to the minutes.

SCOPE

The audit included detailed examination of the nominal ledger; review of bank statements and cheque book stubs; review of supplier invoices; review of receipts; review of agendas and minutes of meetings;

review of the fixed asset register and insurance policy; review of VAT returns and recording of VAT on purchases; confirmation that payroll is processed and authorised correctly, and that the figures in the accounts agree to the payroll records; review of budgets and variances; and confirmation that bank reconciliations and reports are prepared regularly and reviewed at meetings of the Parish Council.

FINDINGS

- 8) I carried out a detailed review of payments and receipts, and a review of the nominal ledger in the period
- 9) The fixed asset register has been correctly updated to include additions in the year, but the insurance policy needs to be updated to include the MUGA and the defibrillator
- 10) I reviewed the minutes for the period 1 October to 31 March, and confirmed that payments were correctly authorised, and that regular reports were provided to Council meetings
- 11) I reviewed the VAT returns and posting to the VAT account in the nominal ledger
- 12) The accounts were reviewed for accuracy, and agreed to the trial balance and nominal ledger. The annual return was checked to confirm that the figures recorded agreed to the accounts.
- 13) Staff costs on the annual return did not agree to the figures in the trial balance, but this has now been amended
- 14) Grants made to bodies providing information eg Citizens Advice Bureau, Victim Support and the Mediation Service should be given under S142 of the Local Government Act 1972, not S137.

SUMMARY AND OPINION

One of the functions of internal audit is to give assurance to members of the council that the financial systems are operating correctly, and can be relied upon.

In connection with my examination, and having regard to the items reported herewith, no matter has come to my attention that gives me reasonable cause to believe in any *material* respect that the regulatory requirements have not been complied with.

Excellent systems and internal controls are in place to ensure the correct documentation and recording of income and expenditure.

The accounting arrangements, procedural controls, records and documentary evidence are considered to be above average, and accurately record the Council’s financial position.

.....

RACHEL HALL (ACA)
17 May 2018