



Yeovil Town Council

Town House
19 Union Street
Yeovil
Somerset
BA20 1PQ

Phone 01935 382424
Fax 01935 382429
E-mail alan.tawse@yeovil.gov.uk

Policy, Resources and Finance Committee

The Meeting... **Policy, Resources and Finance Committee**

The Time... **7.00pm**

The Date... **Tuesday 25 March 2014**

The Place... **Town House, 19 Union Street, Yeovil**

If you need this information in large print, Braille, audio or another language, please ring 01935 382424



Alan Tawse

Alan Tawse
Town Clerk

19 March 2014

To: All Members of the Policy, Resources and Finance Committee:

Martin Bailey

Peter Brock

Philip Chandler

Bridget Dollard

David Dollard

Tony Fife

Jon Gleeson

John Hann

Kaysar Hussain

Andrew Kendall

Mike Lock (Ex-Officio)

Tony Lock (Chairman)

Manny Roper (Ex-Officio)

Wes Read

Darren Shutler (Vice-Chairman)

Alan Smith

Equality Act 2010

The *general* public sector equality duty places an obligation on a wide range of public bodies (including town and parish councils) in the exercise of their functions to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not

The protected characteristics are:

Age

Disability

Gender Reassignment

Marriage and Civil Partnership

Pregnancy and Maternity

Race

Religion or Belief

Sex

Sexual Orientation

A G E N D A

Public Comment (15 minutes)

1. MINUTES

To confirm as a correct record the Minutes of the previous meeting held on 28 January 2014.

2. APOLOGIES FOR ABSENCE

3. DECLARATIONS OF INTEREST

4. CORRESPONDENCE

5. APPLICATIONS FOR GRANT AID

(Circulated separately)

6. CAPITAL FUND

7. GRANTS

8. CARRY FORWARD REQUESTS

9. RISK MANGEMENT STRATEGY - 2014/15

10. FINANCIAL STATEMENT – DECEMBER 2013/JANUARY 2014

PAGES

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Public Comment (15 minutes)

EXCLUSION OF PRESS AND PUBLIC

The Committee will be requested to pass a resolution excluding the press and public from the remainder of the meeting in accordance with Section 1(2) of the Public Bodies (Admission to Meetings) Act 1960 on the grounds that publicity would be prejudicial to the public interest by reason of the confidential nature of the business to be transacted

11. NEW INITIATIVES

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12. FRANKING MACHINE

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13. INTERNAL AUDIT

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(Confidential reports circulated separately to Members only).

6. CAPITAL FUND

Introduction

A copy of the Capital Fund is attached at page 7. The sum of £5,503 is currently available for allocation to new capital schemes.

Former Goldcroft Allotment Site

Future sources of funding include the proceeds arising from the sale of surplus land at the former Goldcroft allotment site.

In November 2009, the Town Council agreed that approval be given to the acceptance of the highest bid received for the disposal of the above site subject to the bidder providing formal satisfactory evidence within the next two weeks of their ability to fund the acquisition.

The response was reported to the following meeting of the Town Council at which it was agreed that the disposal to the highest bidder be permitted to proceed.

The disposal of the site proceeded as expected and, following completion of the S.106 agreement, the Planning Authority issued a planning certificate on 23 July 2010 granting outline planning approval for the residential development of the site. In accordance with the agreed disposal arrangements, a draft contract was prepared by the Town Council's solicitor and submitted to the purchaser's solicitor.

Following on from the March 2011 Town Council meeting, the outstanding issues were progressing towards a conclusion and, as reported to the October 2011 Town Council meeting, contracts were expected to be exchanged at the agreed price in the near future whereupon it was anticipated that the purchaser would apply for detailed planning consent or reserved matters approval within the following two months.

The position was reviewed at the February 2012 Town Council meeting, at which a strategy was agreed to resolve the outstanding issues. The disposal arrangements were further reviewed by the Town Council in May 2012 and a revised plan of action drawn up to advance the matter.

The conclusions of a Working Group set up to review the disposal of the land; to consider future options and to make recommendations on the best way forward were considered at the September meeting of the Town Council and unanimously approved, and a further report was submitted to last December's Town Council meeting.

The report set out further developments that had taken place regarding the disposal of the above land following the adoption of a strategy by the Town Council, and details of the progress made in relation to the course of action agreed at the September 2012 meeting of the Town Council were set out in the report along with copies of the bids received to date in response to the recent marketing exercise.

Following detailed consideration of the bids received and the options available, the Council agreed that no action be taken, at this stage, to dispose of the site, and that the land continue to be marketed and an update report be submitted to the March 2013 meeting of the Town Council.

In March, the Town Council received an update report and, after giving careful consideration to the options available, adopted a revised strategy that would progress the matter whilst protecting the Council's interests. An update report was submitted to the Town Council in May at which it was agreed that the land be withdrawn from the market pending the outcome of the ongoing planning process. The application to renew the outline planning consent and the reserved matters application have since been approved by the Planning Authority and discussions are taking place with the Council's Property Agent and Solicitor with a view to providing details to the April 2014 meeting of the Town Council of the options available for taking this project forward.

Former Ski and Activity Centre

Another potential source of funding is the former ski and activity centre should the Town Council decide to dispose of the freehold as part of the redevelopment proposals.

Alder King were instructed to market this site on behalf of the Town Council and, following a meeting between the appointed representatives of the Town Council and Alder King, arrangements were made for a revised draft development brief to be produced and submitted to the July 2008 meeting of the Town Council for consideration. The final brief was adopted at that meeting and the property was marketed and expressions of interest invited.

Details of those received were reported to the Town Council in March 2009, and Members approved a process for assessing these bids and reporting back on their respective merits with a view to a final decision being taken by the Town Council in due course on how best to proceed.

All expressions of interest received were considered by the Steering Group set up to give initial consideration to the matter, and details of the bids received along with their views were submitted to the Town Council.

Although the bid put forward by the Yeovil Community Church in September 2009 for the redevelopment of the site as a creative arts centre was supported in principle, the proposal was unable to be progressed at that time owing to factors beyond the Church's control.

In May 2010, the Town Council agreed to concentrate on remarketing the property following a review of the current development brief, which were submitted for Members' consideration following the conclusion of the planned investigation by the Council's Property Agent.

The result of this exercise was reported to the October 2010 meeting of the Town Council at which approval was given to Alder King entering into discussions with representatives of the organisation commissioned to prepare an indicative masterplan for the nearby urban village - as part of the emerging Core Strategy (Preferred Options) - with a view to exploring the feasibility of the site being included in the masterplan.

The outcome of these discussions was reported to the December 2010 Town Council meeting at which it was agreed that representations be made to the Planning Authority seeking the inclusion of the site in the emerging masterplan for the nearby urban village. Representations were made and, as reported to the January 2012 Town Council meeting, the site has been included in the masterplan, copies of which have been circulated to all Members.

Further feasibility work is planned, and further updates awaited on the progress of the future actions. The Town Council will be involved in the planned further feasibility work on the ski slope site.

Other Sources

Any funding beyond these sources will need to be in the form of a loan from the Public Works Loan Board, applications for which are considered on their individual merits and subject to funding availability.

Play Areas

The District Council has been asked to consider the suggested phasing of proposed future upgrades having regard to the condition of the play equipment at all of the sites managed by the Town Council and the availability of contributory funding from the District Council.

This work, which was completed last year, involved a further audit of the play areas by the District Council's Play and Youth Facilities Team and the results - including an analysis of the findings and suggested priorities – were reported to the March 2013 meeting of the Committee (Minute 8/167 refers) along with the views of the Grounds and General Maintenance Committee on the matter.

A copy of the updated programme is set out below:

Play Area	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Totals
Preston Park	£12,500						£12,500
Summerhouse View		£10,000					£10,000
Kingston View			£7,750				£7,750
Grass Royal				£10,000			£10,000
Fielding Road					£5,000		£5,000
Turners Barn Lane						£10,000	£10,000
Total	£12,500	£10,000	£7,750	£10,000	£5,000	£10,000	£55,250

These figures represent the anticipated contributions from the Town Council and assume that matching contributions will be made by the District Council.

Allocations have been made by both Authorities for 2012/13 (Preston Park) which was completed last December, and the Policy, Resources and Finance Committee has identified how it would meet the proposed contribution of £10,000 towards the 2013/14 scheme (Summerhouse View). This will be via combination of planned underspends totalling £7,851 carried forward to 2013/14 with the balance of £2,149 being met from savings to be identified by the Grounds and General Maintenance Committee in their current budget.

The Grounds and General Maintenance Committee have now identified such savings, which are reported elsewhere on the agenda along with a recommendation that the combined total of £10,000 be carried forward as a planned underspend to 2014/15.

The Town Council's proposed contribution is subject to the District Council making a matching contribution towards this scheme, and confirmation has recently been received that this funding is in place. Now that all of the necessary funding has been secured, the project will be undertaken in 2014/15.

The Committee has also agreed to the funding of the remainder of the programme being considered as part of the budget - setting process leading up to the fixing of the 2014/15 precept. However, given the slippage in the delivery of the agreed schemes, this can be considered as part of the 2015/16 budget process.

Existing Programme

As previously reported, the Preston Park project was rescheduled for delivery in 2013 and, in line with this aim, the project was completed and officially opened last December.

In addition to the £12,500 each contributed by the Town and District Councils, S106 contributions amounting to £5,463 were secured from a local developer towards the Preston Park project, along with a contribution of £5,000 from Cllr Dave Greene who has agreed to allocate part of his County Councillor delegated health and well-being budget, which will enable an enhanced scheme to be delivered at that location. A contribution of £1,500 has also been secured from the Well-Being of Yeovil Association, which made a total overall working budget of £36,963.

A project plan and sketch designs for the play area were agreed by the Grounds and General Maintenance Committee, and a steering group was formed to help deliver this project – in consultation with the local community. Following a tendering process, a contractor was appointed to deliver the agreed scheme within an agreed timetable.

A similar approach is expected to be taken with the development of the Summerhouse View project now that all the necessary funding has been put in place.

General Reserve

As previously reported to the Committee, the General Reserve stands at £385,947 and, after taking into consideration agreed carry forwards totalling £50,631 from 2012/13 and other commitments totalling £91,628, the net unallocated balance is £243,688.

The Committee has agreed that, as a matter of policy, a minimum balance of £180,000 remains uncommitted in the General Reserve to meet any unexpected revenue needs beyond those which could be funded from contingencies over the forthcoming financial year. This is £63,688 (35%) *above* the agreed minimum balance.

Recommendations

Members are **RECOMMENDED:**

- (1) to note the position concerning the Capital Fund and the General Reserve;
- (2) to note the current position regarding the rolling programme of play area improvements; and
- (3) to note confirmation of the District Council's funding towards the Summerhouse View play area upgrade, and to await that Authority's confirmation of funding towards future schemes included in the programme.

(Alan Tawse, Town Clerk - 01935 382424)

7. **GRANTS**

Introduction

Earlier this month, the Town Council adopted the following motion and, in accordance with Standing Orders, it was referred without discussion to this Committee for further consideration:

"To help the Policy, Resources and Finance Committee make more informed decisions about grant applications, the following additional information must be provided by all future applicants:

- any charges applied by the organisation, and details of any other income stream; and
- evidence that the organisation has applied to other grant funders - including other local authorities - in the past five years; the amount sought and the outcome of all such applications.

In addition, a policy be adopted that grants can only be paid for a single year and a second application is not allowed for the same project/purpose within 3 years, unless the applicant has a Service Level Agreement with the Town Council. The Service Level Agreement to apply as a 1 year agreement only".

Implications

Should the Committee support this motion, all applicants would in future need to provide the additional information suggested, and the application form and accompanying notes would be amended accordingly.

If agreed, the introduction of a service level agreement (SLA) would apply in cases where applicants were seeking financial assistance for the same project/purpose for a further year within three years of receiving financial support for a project/purpose from the Town Council.

In such cases, an SLA would be drawn up the proposed contents of which would be specified by the Committee and agreed with the applicant. Such an agreement would give the Town Council more influence on how any further grant would be used and could be used to give the Town Council a greater say in the way the organisation delivered its services with the Town Council's financial support.

The agreement would last one year and any offer to enter into a further agreement would be at the Town Council's discretion.

Recommendation

The Committee is **RECOMMENDED** to consider the merits of the referred motion.

(Alan Tawse, Town Clerk – 01935 382424)

8. CARRY FORWARD REQUESTS

In accordance with the Council's adopted financial control policy and to ensure that a co-ordinated approach is taken to the use of any unspent allocated budgets, committees wishing to carry forward any underspends to the following financial year need to seek the approval of the Policy, Resources and Finance Committee.

The following requests have been made to carry forward unallocated funds remaining in the relevant 2013/14 budgets along with previously agreed unspent allocations:

Committee	Purpose	Budget	Amount
Grounds and General Maintenance Committee	Contribution towards the upgrade of Summerhouse View play area (Minute 8/167 refers)	<i>Water Charges Fence Repairs Holiday Play Activities Sunningdale Allotment Site Fence Repair (carried forward from 2010/11)</i>	<i>£1,445 £1,793 £3,613 £1,000 £7,851 carried forward from 2012/13</i>
Grounds and General Maintenance Committee	Contribution towards the upgrade of Summerhouse View play area	Labour	£2,149
Promotions and Activities Committee	Future Town Centre Environmental Improvements	<i>Town Centre Environmental Improvements</i>	<i>£8,000 carried forward from 2012/13</i>
Promotions and Activities Committee	Future Town Centre Environmental Improvements	Town Centre Environmental Improvements	£8,000
Promotions and Activities Committee	Help promote the Town	Customised Souvenirs	£453
Buildings and Civic Matters Committee	Future community safety projects	Community Safety	£4,830

The Committee is **RECOMMENDED** to consider and determine upon these requests.

(Alan Tawse, Town Clerk – 01935 382424)

9. RISK MANAGEMENT STRATEGY – 2014/15

The Council's adopted risk management strategy (copy attached at pages 11 to 20) has been revised and developed for the forthcoming financial year.

The adoption of the strategy, which pulls together into one document many of the contingency plans, procedures and arrangements that the Town Council has already adopted, helps to demonstrate that the Council has adequate corporate governance arrangements in place.

To ensure that these arrangements remain relevant and up-to-date and in line with best practice, the Council has agreed that the adopted Strategy be reviewed by the Committee on an annual basis.

The areas set out in the strategy reflect those areas identified in the Joint Practitioners' Advisory Group's (JPAG) Guidance on Governance and Accountability for Local Councils in England, which is published jointly by the National Association of Local Councils (NALC) and the Society of Local Council Clerks (SLCC) in conjunction with the Audit Commission.

The annual review of this key document along with the programme of work undertaken by the Internal Auditor (copy attached at page 21) ensures that the Town Council fulfils its statutory obligation under Regulation 4 of the Accounts and Audit Regulations 2011 to ensure that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.

This programme mirrors the components of review identified in the Practitioners' Guide, and helps the Internal Auditor check the issues that need to be examined and prepare an annual internal report to the Town Council, which is submitted to the Audit Commission as part of the Annual Return and Statement of Assurance.

It is **RECOMMENDED**

- (1) that the report be noted;
- (2) that the draft revised risk management strategy for 2014/15 be adopted; and
- (3) that the Committee considers whether it is satisfied that the internal audit arrangements that are in place are effective and meet the Council's legal obligations.

(Alan Tawse, Town Clerk - 01935 382424)

Yeovil Town Council

Risk Management Strategy

Yeovil Town Council is committed to identifying and managing risks, using the following procedures, and to ensuring that risks are maintained at an acceptable level. The Town Council will take any action that is deemed necessary.

The Town Clerk reviews risks on a regular basis, including any newly identified risks, and will report on such matters to the Policy, Resources and Finance Committee. The review will include identification of any unacceptable levels of risk.

The Guidance on Governance and Accountability for Local Councils in England (published by the Joint Practitioners' Advisory Group) makes the following observations regarding risk management:

1. Risk management is not just about financial management: it is about ensuring the achievement of objectives set by the council to deliver high quality public services
2. The local council audit approach seeks to encourage local councils to address these issues by placing emphasis on the need to keep under review and, if need be, to strengthen their own corporate governance arrangements, thereby improving their stewardship of public funds and providing positive and continuing assurance to taxpayers

It goes on to make the point that Members are ultimately responsible for risk management because risks threaten the achievement of policy objectives. Accordingly, each year Members should:

- a. take steps to identify and update their record of key risks facing the Council
- b. evaluate the potential consequences to the Council if an event identified as a risk takes place
- c. decide upon appropriate measures to avoid, reduce or control the risk or its consequences
- d. record any conclusions or decisions reached

To identify the risks facing a council, the Guidance recommends grouping the three main types of decision that councils take in relation to managing risk, having considered the controls which they need to have in place:

- i. Areas where there may be scope to use insurance to help manage risk
- ii. Areas where there may be scope to work with others to help manage risk
- iii. Areas where there may be need to self-manage risk.

SECTION 1

AREAS WHERE THERE MAY BE SCOPE TO USE INSURANCE TO HELP MANAGE RISK

1 A RISK IDENTIFICATION

a. Protection of physical assets e.g. buildings, furniture, equipment and regalia

All physical assets are insured with Zurich Municipal.

b. Risk of damage to third party property or individuals as a result of the Council providing services or amenities to the public

Yeovil Town Council has public liability Insurance of £15,000,000. It has also personal accident liability cover for employees and members under the above policy.

c. Risk of consequential loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party (consequential loss)

Included in insurance policy cover.

d. Loss of cash through theft or dishonesty (fidelity guarantee)

The Council has fidelity guarantee cover up to £1,000,000 for all members and employees.

e. Legal liability as a consequence of asset ownership (public liability)

See b. above

1 B INTERNAL CONTROLS

a. Maintain an up-to-date register of Assets and Investments

An Asset Register is compiled annually by the Responsible Financial Officer (Town Clerk) and presented to Council with Annual Accounts each year. Investments are reviewed on a monthly basis.

b. Regular maintenance arrangements for physical assets

The Town Clerk and the Maintenance Operative undertake regular inspection of the properties under the Council's direct management. Maintenance of buildings, sites and equipment is undertaken on a planned and a responsive basis. Playground equipment is checked and maintained independently by South Somerset District Council on a weekly basis. Yeovil Cemetery is checked and maintained by its own workforce.

c. Annual Review of risk and the adequacy of insurance cover

The Responsible Financial Officer reviews the insurance cover annually, makes recommendations, as necessary, to the Policy, Resources and Finance Committee and updates cover as required.

d. Ensuring robustness of insurance providers

There are two main insurers for local councils – Zurich Municipal and AON. Yeovil Town Council uses Zurich Municipal and the RFO is confident that the company is sufficiently robust.

1 C INTERNAL AUDIT ASSURANCE

a. Review of internal controls in place and their documentation

Internal controls are reviewed as necessary by the Town Clerk and the Internal Auditor. Their recommendations are submitted to Council through the Policy, Resources and Finance Committee.

b. Review of management arrangements regarding insurance cover

This forms part of the Policy, Resources and Finance Committee review at time of annual renewal

c. Testing of specific internal controls and reporting findings to management

This is undertaken as part of the audit process. Reports are presented to the Policy, Resources and Finance Committee and minuted accordingly

SECTION 2

AREAS WHERE THERE MAY BE SCOPE TO WORK WITH OTHERS TO HELP MANAGE RISK

2 A RISK IDENTIFICATION

a. Security for vulnerable buildings, amenities or equipment

Appropriate security devices are fitted to all of the Council's buildings and linked, as necessary, to a central control station. Designated staff are responsible for the security of these buildings.

In the event of any breaches of security, appropriate measures are taken as soon as practicable to re-secure the property. Crime reports are obtained for all breaches of security by contacting Avon and Somerset Constabulary.

b. Maintenance for vulnerable buildings, amenities or equipment

All premises are maintained within the approved budget. Maintenance is undertaken in-house where possible and external contractors used as required.

c. Banking Arrangements, including borrowing or lending

Reviewed periodically by Policy, Resources and Finance Committee. All cheques require two Members' signatures. The Policy, Resources and Finance Committee review all payments and income following their consideration by the service committees.

d. Provision of amenities / facilities for local community groups

The Council has approved the hire of Monmouth and Milford Community Halls on a charge basis. Conditions relating to the use of the Halls have been adopted by the Council.

e. Vehicle or equipment lease or hire

The Council owns a vehicle, which was originally procured under a lease (with an option to purchase) following a competitive tendering exercise. The option to purchase was exercised in January 2010 when the lease expired.

f. Professional services, contractors etc.

The Council endeavours to ensure that wherever possible it has the opportunity to select (from several) the provider of any professional service it requires. Where necessary, all prospective contractors are required to provide references of other organisations for which they have recently undertaken similar work.

2 B INTERNAL CONTROLS

a. Standing Orders and financial regulations dealing with the award of contracts for services or the purchase of capital equipment

The Council has adopted Standing Orders that govern the awarding of contracts. These are currently undergoing a formal review.

b. Clear statements of management responsibility for each service

Under the Council's Scheme of Delegation, each of the service committees and the Policy, Resources and Finance Committee have delegated management responsibility for their own budgets.

The Council has adopted a financial control policy, which stipulates that contingencies are included in a separate budget and that bids for the use of these funds be considered by the Policy, Resources and Finance Committee.

This approach is consistent with the way in which unspent revenue balances are now dealt with, and it ensures that all Committees have

the same opportunity to put forward bids for additional expenditure during the financial year.

The policy also requires any bids to carry forward unspent budget allocations to be submitted to the Policy, Resources and Finance Committee for approval.

c. Regular scrutiny of performance against targets

In accordance with Best Value, performance targets for a wide range of services provided by the Council are set for the forthcoming year on an annual basis, following a review of the previous year's achievements against set targets.

d. Arrangements to detect and deter fraud and/or corruption

Invoices are subjected to scrutiny by both the Responsible Financial Officer and the Council's authorised cheque signatories. Monthly BACS payments are similarly scrutinised.

e. Regular bank reconciliations, independently reviewed

Bank statements are received monthly and a reconciliation undertaken by the Finance Administrator, which are inspected by the Responsible Financial Officer.

2 C INTERNAL AUDIT ASSURANCE

a. Review of internal controls in place and their documentation

Internal controls are reviewed as necessary by the Town Clerk and the Internal Auditor. Their recommendations are submitted to Council through the Policy, Resources and Finance Committee.

b. Review of minutes to ensure legal powers are available and the basis of the powers recorded and correctly applied

The Town Clerk gives advice and makes recommendations to the Council and its committees, and endeavours to ensure that the Council's decisions are lawful. Where appropriate, the relevant legal powers upon which decisions are made are recorded in the minutes of meetings. The minutes of meetings are reviewed during the audit process.

c. Review and testing of arrangements to prevent and detect fraud and corruption

The use of Standing Orders, Financial Regulations, Standing Orders with respect to Contracts and the Delegation Scheme form part of the internal controls that contribute towards the prevention and detection of fraud and corruption.

d. Review of adequacy of insurance cover provided by suppliers

Where appropriate, suppliers are required to submit evidence of appropriate insurance cover.

e. Testing of specific internal controls and report findings to management

This is undertaken as part of the audit process. Reports are presented to the Policy, Resources and Finance Committee and minuted accordingly.

SECTION 3

AREAS WHERE THERE MAY BE A NEED TO SELF-MANAGE RISK

3 A RISK IDENTIFICATION

a. Keeping proper financial records in accordance with statutory regulations

Financial records are kept in accordance with the statutory requirements and are reviewed as part of the Audit process.

b. Ensuring all business activities are within legal powers applicable to Parish Councils

See Section 2 Internal Audit Assurance (b)

c. Complying with restrictions on borrowing

The Council is within the current borrowing parameters.

d. Ensuring that all requirements are met under employment law and Inland Revenue regulations

Inland Revenue calculations are made undertaken as part of the monthly payroll arrangements and are subject to the audit process. Salary forecasts are undertaken as part of the budget setting process and incremental increases paid in accordance with adopted national agreements. Regular advice is provided by the South West Employers (SWE) on employment matters, and independent legal advice is taken as necessary.

e. Ensuring all requirements are met under Customs and Excise regulations (especially VAT)

All such requirements are met by the Responsible Financial Officer and the Internal Audit process.

f. Ensuring the adequacy of the annual precept within sound budgeting arrangements

Each year, the Council adopts a financial control strategy aimed at ensuring that the Council achieves a sustainable balanced budget whilst, at the same time, maintaining flexible ways of responding to future requests for unforeseen and inescapable expenditure.

As part of this strategy, all Committees are asked to keep their expenditure within suggested maximum limits – with any proposed increases beyond those suggested being matched by reductions elsewhere in their respective budgets.

All committee budgets are reviewed by the Policy, Resources and Finance Committee whose recommendations are submitted for approval by full Council in accordance with the Council's budget procedure.

g. Ensuring the proper use of funds granted to local community bodies under specific powers or Section 137

Grant applications are considered by the Policy, Resources and Finance Committee. Section 137 grants are recorded in the minutes of the relevant meeting and listed separately in the annual accounts. The General Power of Competence set in the Localism Act 2011, which the Council adopted in July 2012, gives the Council wider powers to act and its use is similarly recorded.

h. Proper, timely and accurate reporting of the Council business in the minutes

The Town Clerk is responsible for ensuring that minutes are prepared in respect of meetings of the Town Council and its Committees. Minutes are distributed to Members in advance of the subsequent meeting, verified as a correct record as one of the first items of business of that meeting and signed at the meeting. Failure to do so along with any amendments is recorded. Committee minutes are presented to full Council for information and comment.

i. Responding to electors wishing to exercise their rights of inspection

The rights of inspection to electors are adhered to in accordance with current legislation. The Council has adopted the model publication scheme provided by the Information Commissioner, which sets out the rights of members of the public to access documents under the Freedom of Information Act 2000.

j. Meeting the laid down timetables when responding to consultation invitations

Every effort is made to meet specified timetables when responding to consultation invitations.

k. Meeting the requirements for Quality Town Council status or other accreditation

The Town Council achieved this status in February 2005 and was successful in its application for re-accreditation in February 2009. The initiative is currently the subject of a national review following which the Town Council will be invited to apply for re-accreditation at the relevant time. All existing accreditations have been extended and remain valid during the review process.

I. Proper document control

Paperwork is retained in accordance with national guidelines and relevant documents are available for viewing on request. All incoming mail is date stamped.

m. Register of members' interests and gifts and hospitality is place, complete, accurate and up-to-date

A copy of the Register is held by the Town Clerk, and the original is retained by the Monitoring Officer at South Somerset District Council. It is the responsibility of individual members to notify the Town Clerk and the Monitoring Officer of any amendments.

3 B INTERNAL CONTROLS

a. Regular scrutiny of financial records and proper arrangements for the approval of expenditure

Comprehensive measures are in place for the monitoring and review of expenditure. These include the preparation of detailed annual budgets setting out heads of authorised expenditure, and regular reports to all committees on actual/budgeted expenditure to date.

b. Risk assessments carried out and recorded

These are undertaken as appropriate with the results of the assessments recorded and any required action undertaken.

c. Recording in the minutes the precise powers under which expenditure is being approved

See Section 2 Internal Audit Assurance (b.)

d. Regular returns to the Inland Revenue; contracts of employment for all staff; systems of updating records for any changes in relevant legislation reviewed by Council

Inland Revenue Returns are completed and salaries calculated in-house on a monthly basis, and are subject to internal audit. All members of staff are issued with contracts of employment, and their terms and conditions of employment reviewed as necessary. Staffing issues are referred to the Policy, Resources and Finance Committee. Systems are in place for updating records for any changes in relevant legislation.

e. Regular returns of VAT

The Town Clerk is responsible for the regular completion and submission of VAT returns, and for ensuring that adequate training is in place for the staff responsible for their preparation.

f. Developing system of performance measurement

Staff appraisals are undertaken on an annual basis with a written summary of the points covered during each appraisal issued to the staff concerned.

g. Procedures for dealing with and monitoring grants, or loans, made or received

Regular statements are received and scrutinised of the outstanding loan to the Town Council from the Public Works Loan Board. Grants made to local organisations by the Town Council towards equipment and other tangible expenditure are only paid upon production of an original invoice.

h. Minutes properly numbered with a master copy kept in safekeeping

All Council and Committee minutes are correctly numbered. These are loose-leaf and the approved signed copies are bound and retained in a fireproof safe.

i. Documented procedures to deal with enquiries from the public

Telephone calls, letters and e-mails are dealt with as soon as practicable and an appropriate response made within approved performance targets.

j. Documented procedure to deal with responses to consultation requests

Consultation requests are referred to either full Council or the relevant Committee, and the agreed response is minuted.

k. Monitoring arrangements regarding Quality Council status

A watching brief is maintained in preparation for the next (normally quadrennial) review of the Council's current accreditation.

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

The Town Clerk receives and delegates all mail. All matters for referral to full Council or a Committee are identified and allocated. Mail for action by administration is dealt with accordingly and filed when actions are completed.

m. Procedures in place for recording and monitoring members' interest and gifts and hospitality received

See Section 3 Risk identification (l.)

n. Adoption of Codes of Conduct for members and employees

In August 2012, the Council adopted the provisions of the single Code for Somerset following the introduction of new regulations by the Government as part of the Localism Act 2011. The conduct expected of employees is set out in their individual contracts of employment and related correspondence. At present, there is no statutory code for employees.

3 C INTERNAL AUDIT ASSURANCE

a. Review of internal controls in place and their documentation

The Town Clerk and the Internal Auditor review internal controls as necessary. Their recommendations are submitted to Council through its Policy, Resources and Finance Committee.

b. Review of minutes to ensure legal powers in place, recorded and correctly applied

See Section 2 Internal Audit Assurance (b.)

c. Testing of income and expenditure from minutes to accounting system, from bank statements to accounting system, from minutes to statements etc. including petty cash transactions

The testing of these procedures forms part of the internal controls currently in place. The system is also tested during the audit process.

d. Review and testing of arrangements to prevent and detect fraud and corruption

The testing of these arrangements forms part of the internal controls currently in place. The system is also tested during the audit process.

e. Testing of specific internal controls and reporting findings to management

Where appropriate, the results of such testing as part of the internal controls will be reported to the appropriate Committee or Council. Similar reporting to Council will be made as part of the internal audit.

f. Computer data safety

All necessary procedures and documents are computerised and all data is regularly backed-up and stored off-site.

March 2014

Accounts & Audit Services Ltd
INTERNAL AUDIT PROGRAMME FOR LOCAL COUNCILS

COUNCIL:.....**YEAR:**.....

1. PROPER BOOK KEEPING
 - a. Is the cash book maintained & up to date?
 - b. Is the cash book arithmetically correct?
 - c. Is the cash book regularly balanced?
2. PAYMENT CONTROLS
 - a. Has the Council formally adopted standing orders and financial regulations?
 - b. Has a Responsible Financial Officer been appointed with specified duties?
 - c. Are payments in the cash book supported by invoices, authorised and minuted?
 - d. Are payments correctly coded?
 - e. Has VAT on payments been identified, recorded and reclaimed?
 - f. Have items or services above a de minimis amount been competitively tendered?
 - g. Are large capital contracts correctly administered?
3. RISK MANAGEMENT ARRANGEMENTS
 - a. Does a scan of the minutes identify any unusual financial activity?
 - b. Do the minutes record the council carrying out an annual risk assessment?
 - c. Is insurance cover appropriate and adequate?
 - d. Are arrangements in place to provide continuity in the clerk's absence?
 - e. Are published management reports correct?
4. BUDGETARY CONTROLS
 - a. Has the council prepared an annual budget in support of its precept?
 - b. Is actual expenditure against the budget regularly reported to the council?
5. INCOME CONTROLS
 - a. Is income properly recorded and promptly banked?
 - b. Is all income due to the council collected?
 - c. Do prices charged agree with those set by the Council?
 - d. Is VAT output tax treated correctly?
 - e. Are security controls over cash adequate and effective?
 - f. Does the precept agree with that approved in the previous year's budget?
6. PETTY CASH CONTROLS
 - a. Is all petty cash spent recorded and supported by VAT invoices/receipts?
 - b. Is petty cash expenditure reported to the council?
 - c. Is petty cash reimbursement carried out regularly?
7. PAYROLL CONTROLS
 - a. Do all employees have contracts of employment with clear terms and conditions?
 - b. Do salaries agree with those approved by the Council?
 - c. Are other payments to employees reasonable, properly supported and approved by the council?
 - d. Are all payments and deductions correctly coded and suspense accounts promptly cleared?
 - e. Has PAYE/NIC been properly operated by the council as an employer?
 - f. Have pension contributions been correctly calculated and paid over?
 - g. Has the correct amount of net pay been made to the correct employee?
8. ASSETS CONTROLS
 - a. Does the council keep an asset register of all material assets owned?
 - b. Are the asset/investment registers up to date?
 - c. Is the basis of valuation correct?
9. BANK RECONCILIATION
 - a. Is there a bank reconciliation for each account?
 - b. Is bank reconciliation done regularly and in a timely fashion?
 - c. Are there any unexplained balancing entries in any reconciliation?
 - d. Is the value of investments held summarised on the reconciliation?
10. YEAR END PROCEDURES
 - a. Are year end accounts prepared on the correct basis?
 - b. Do the accounts agree with the cash book?
 - c. Do the comparative figures agree with last years statements?
 - d. Are there any significant unexplained variances from budget?
 - e. Is there an audit trail from the underlying records to the accounts?
 - f. Where appropriate have debtors and creditors been properly recorded?
 - g. Is s137 expenditure separately recorded and within limits?
 - h. Are investments verified by statements or passbooks?
 - i. Are reserve funds adequate and regularly reviewed?
 - j. Are there any obvious errors or inconsistencies in the financial statements?
 - k. Do the figures on section 1 of the annual return agree with the financial statements?
 - l. Has the Council correctly accounted for and met responsibilities for Trust Funds in its care?
 - m. Have agreed audit recommendations been implemented?