

TELSCOMBE TOWN COUNCIL



Minutes of a meeting of the **AUDIT COMMITTEE (sub-committee of P&R)** held on **Monday 5th March 2018** in Telscombe Civic Centre at 6.45 pm.

PRESENT Councillors: Cllrs G Maskell, R Maskell, B Page & D Wright

Also Present: Stella Newman, Town Clerk & RFO (minutes)

There being no members of the public present, the meeting commenced at 6.45pm.

88. TO APPOINT A CHAIRMAN

It was proposed by Cllr R Maskell, seconded by Cllr D Wright and unanimously **agreed** that Cllr B Page be appointed as Chairman.

89. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies were received from Cllr A Smith due to work commitments, Cllr D Brindley due to family commitments, and Cllr J Wilkins due to illness. The reasons were accepted by the Committee and Cllr D Wright was agreed as substitute for Cllr A Smith and Cllr G Maskell substitute for Cllr J Wilkins.

90. TO RECEIVE MEMBERS' DECLARATIONS OF INTEREST

None.

91. ANNUAL RETURN/EXTERNAL AUDITOR'S COMMENTS FOR THE 2016/17 YEAR

The External Auditor's comments had been considered at full Council on 20th September 2017. They were circulated again for information and it was noted that in the External Auditor's opinion all relevant legislation and regulatory requirements had been met.

92. INTERNAL AUDITOR'S INTERIM REPORT FOR THE 2017/18 YEAR

The Internal Auditor's Interim Report had been considered at full Council on 17th January 2018. The summary of the auditor's findings were as follows:- *'I conclude at the interim stage there are no significant matters that require attention'* and there were no 'points forward/action plan'. The report was therefore noted and the RFO thanked for ensuring all processes were in order.

93. TO REVIEW THE EFFECTIVENESS OF THE INTERNAL AUDIT PROCESS

In accordance with the Accounts and Audit Regulations 2011, the Council are responsible for ensuring 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. We are required to undertake a review of the effectiveness of the internal audit process annually.

Members considered the following questions that need to be covered and agreed the answers as follows:-

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93. Contd. To Review The Effectiveness Of The Internal Audit Process

- i. **Scope of internal audit** – *the scope of the internal audit should have been discussed and agreed with the internal auditor to ensure it takes account of the Council's risk areas and wider internal control arrangements.*

An overall plan was discussed and agreed with the Town Clerk/RFO and Internal Auditor at his interim visit in November 2017. It covers all required aspects of internal audit. Cllrs also carry out certain aspects of audit by checking the bank reconciliations quarterly and 2 Cllrs signing cheques.

- ii. **Independence** – *the internal auditor should be independent from the Council and unbiased.*

The internal auditor we appointed is one of a number of auditors on the recommended list from the Sx Assoc of Local Councils and have specialist knowledge in Town Councils. Mulberry & Co are a totally independent external accountancy firm.

- iii. **Competence** – *the internal auditor should have sufficient knowledge to be able to carry out the audit work.*

Mulberry & Co have sufficient knowledge to carry out the audit work as they are chartered certified accounts, registered auditors and chartered tax advisers.

- iv. **Relationships** – *all relevant responsibilities of the Clerk, RFO and members are defined in relation to internal control and risk management (job descriptions).*

The Clerk/RFO has been issued with a job description which clearly defines their relevant responsibilities with regard to internal control. The responsibilities are also clearly defined in Financial Regulations which are reviewed annually. Councillors undertake training as necessary. A full risk assessment has been carried out by the Town Clerk.

- v. **Audit Planning and reporting** – *members should be aware of when the internal audit(s) will take place, when reports will be issued and reporting is in accordance with the plan.*

The appointment of the internal auditor is made by full Council in May annually. Internal audits take place twice yearly, the plan having been agreed by the Town Clerk/RFO at the internal auditor's initial visit. One is towards the end of the calendar year, and another at the end of the financial year. Their reports are presented to full Council at the next meeting following submission and also considered by the Audit Sub-Committee. Recommendations from the audit sub-committee are reported to full Council. The interim internal audit report undertaken in November 2017 was reported to Council on 17th January 2018. The external audit takes place at the end of the financial year and is reported to and agreed by full Council in May before submission.

Regarding the characteristics of the review members also considered the following questions and agreed the answers:-

- i) **Internal audit work is planned** – the plan of work has previously been mentioned and is based on risk assessment and designed to meet the Council's needs.

- ii) **Understanding the needs and objectives** – the annual audit plan demonstrates how the audit work will provide assurance for the Council's Annual Governance Statement.

- iii) **Can it be seen as a catalyst for change** – the internal audit supports the Council's work in delivering improved services to the community.

- iv) **Does it add value & assist in achieving objectives** – The Council follows up with action where necessary in response to internal auditor's recommendations which reduces risk and enhances our services.



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93. Contd. To Review The Effectiveness Of The Internal Audit Process

v) **Is it forward looking** – Yes the audit plan considers national changes, maintains awareness of new developments and identifies risks.

vi) **Is it challenging** – the review identifies risks facing the Council and allows members to develop responses.

vii) **Ensure right resources are available** – adequate budget is available to meet audit fees. The internal auditor is experienced, understands the Council and its legal obligations and has good communication with officers/staff.

Having fully considered the effectiveness of the internal audit members were satisfied and **RECOMMEND** this item be taken to full Council for approval.

94. TO APPROVE THE RISK ASSESSMENT

A Risk Assessment prepared by the Town Clerk was considered. It is a detailed assessment covering all aspects of risk including premises, IT, parks and open spaces, governance & management and employment.

Finally regarding item 68, Cessation of the Council Tax Support Grant, which carried a medium risk factor, it was noted that the Council were aware of this and taking it into account with budgetary control and financial planning. It was therefore unanimously **RECOMMENDED** that the risk assessment be taken to full Council for approval and signature by the Mayor.

95. TO APPROVE HEALTH & SAFETY POLICY

The Health & Safety policy prepared by the Town Clerk was discussed and everything found to be in order. It was therefore unanimously **RECOMMENDED** that the document be taken to full Council for approval and signature by the Mayor.

96. TO APPROVE ASSET REGISTER FOR THE 2017/18 YEAR

The detailed document was examined by Committee members. Purchases totalling £10,123 and disposals totalling £9,674 were agreed, resulting in an overall total of £1,744,548. The separate Land and Building Assets list was also agreed. It was therefore unanimously **RECOMMENDED** that the Asset Register be taken to full Council for approval.

97. FINANCIAL REGULATIONS UPDATE

It is a requirement that the Financial Regulations to be reviewed annually. They were last reviewed in September 2017 by full Council. However, in the light of recent staff changes, the wording needed to be altered as the new Town Clerk is also the RFO and there is no Deputy Clerk. The old wording to be taken out was underlined and the new wording was next to it in red and underlined. The revisions were approved and it was unanimously **RECOMMENDED** that the draft document be taken to full Council for adoption.

There being no further business the Chairman closed the meeting at 7.20 pm.

Signed
Chairman