



# Garstang Town Council

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I hereby give you notice that a meeting of the Finance Committee will be held at **Garstang Library in the meeting room** on Tuesday 15 January 2019 at 7.30pm

*E Parry*  
Town Clerk  
10 January 2019

## A G E N D A

### 1. Apologies for Absence

### 2. Declaration of Interests and Dispensations

### 3. Minutes of the last meeting

Councillors are asked to approve, as a correct record, the minutes of the Finance Committee meeting held on 9 October 2018.

### 4. Public Participation

The Chairman will ask Councillors to agree to adjourn the meeting to allow non-Councillors to speak and will ask Councillors to agree to reconvene the meeting on the conclusion of the public participation.

### 5. Income and expenditure account year 2018/19

The Committee are asked to consider and approve the following:

- (a) Bank reconciliation month ending 31 December 2018
- (b) Summary receipts & payments (1 October to 31 December 2018)
- (c) Receipts/payments budget report (1 October to 31 December 2018)  
(Previous explanations in Appendix)
- (d) List of payments and receipts from the cashbook (1 October to 31 December 2018)

A public copy of the balance sheet and income/expenditure report will be made available at the meeting.

Cllrs are asked to be mindful of Financial Regulations 7.4; salary details are confidential.

Cllr Hesketh has verified the bank reconciliations (for all accounts) produced by the RFO. He had signed the reconciliations and the original bank statements as evidence of verification. There were no exceptions to report; adhering to financial regulation 2.2.

He has commented about income received by the RFO (email dated 18/10/2018 as detailed in the Appendix)

Cllrs are asked to respond to Cllr Hesketh's comments. The RFO has formulated an income pro forma sheet to be completed when monies are received. The income received from the Young Mayor for his charity, for the period 2017/18, has been documented in the YC minutes.

### 6. Draft Budget 2019/20

Cllrs are asked to consider the attached budget paper (Proposed budget V0.3 20190115).

Points to note since the Town Council meeting on 3/12/18

a) On 7/12/18 NALC (National Association of Local Councils) issued an Employment Briefing E02-18 | 2018-2019 National Salary Award. The National Joint Council for Local Government Services (NJC) has agreed the new pay scales for 2019-2020 to be implemented from 1 April 2019. The attached Annex (circulated by email) lists the new pay scales for clerks and other employees employed under the terms of the model contract including SCPs 50 and above. These calculations have been checked by the ALCC and are based on the changes agreed by the NJC. These should be applied from 1 April 2019. Due to the introduction of the national living wage, the NJC agreement includes the introduction of a new pay spine on 1 April 2019 and the attachment translates the existing spinal column points and scale ranges used in the sector to the new scales.

b) Personnel Committee 28/11/18 – the following minute details changes to the Clerk's hours from 1/4/19.

**010(2018-19) Clerks Hours and Accrual, Cllr Allan**

Resolved

The Committee agreed that the following be taken to Full Council (21/1/2019) for ratification.

1. That the Clerks standard hours are amended to a flat 24 hours per week. That would add an extra 42 hours to the Clerks standard hours. This should eliminate any unauthorised hours.
2. That the Clerk and Lengthsman time sheets are signed off at least monthly so that we can monitor any additional hours worked. Agree +/- TOIL hours to be 15 c/f.

The projection for salaries, detailed on the budget sheet V0.3 has been amended in line with points a) and b).

Following the Precept briefing meeting on 26/11/18, the Town Council considered the recommendations and proposed budget, V0.2, at the meeting on 3/12/18

**112 (2018-19) Proposed budget and precept 2019/20**

**Resolved:** Full Council approved the recommendations as detailed on the budget sheet (V0.2 20181203).

The 2019/20 Tax base has now been received from Wyre Council (attached).

The Committee will be asked to recommend a precept figure for the Town Council to approve at the meeting on 21/1/19.

2019/20 Band D equivalent	2019/20 precept	Tax base 2019/20
41.93	75,740	1,806.54
2018/19 Band D equivalent	2018/19 precept	Tax base 2018/19
42.18	72,692	1,723.55

**7. Risk assessment, quarterly review – for decision**

Cllrs are asked to consider the attached risk register (V1.5) and make any comments on the register.

**8. Asset register – for decision**

Cllrs are asked to consider the attached asset register (V1.5) and approve the addition to the register hi-lighted in yellow.

**9. Bank accounts**

**a) Long term investment – for information**

The Town Council currently has 1 year fixed money market investment with HSBC. The maturity date is February 2019. The Clerk will bring to the February Town Council meeting, options to reinvest the monies.

**10. Appointment of Internal Auditor**

a) The Committee will be asked to appoint an internal auditor for the year end 31/3/19.

- b) The Committee will be asked to approve the terms of reference as detailed in the Appendix.

The last resolution was made at the Finance Committee meeting held on 10/10/17

017(2017-18) Review of Internal Audit

Cllrs noted that at July's meeting, minute 009(2017-18) it was agreed that there would be a review of the Internal audit system of the accounts.

The Clerk has circulated section 4 Non-statutory guidance for internal audit at smaller authorities; Governance and Accountability for Smaller Authorities in England, March 2017. Points 4.21 and 4.26 inclusive apply to the review of internal audit.

Resolved: The Committee noted that a review should take place every 3 years.

The Committee agreed that there should be a 4 year cycle whereby for this financial year (17/18) a newly retired Clerk would be asked to complete the audit. For the next 3 years (18/19, 19/20, 20/21) Mrs Whittaker (current internal auditor) would be asked to complete the audit.

The Clerk to ask the newly retired Clerk if she would be willing to undertake the audit at a fee of £100. The Clerk was asked to request an updated CV for Mrs Whittaker.

The Clerk to bring the terms of reference for the internal audit to November's meeting.

## **11. Financial regulations – for information**

4.4 of Financial Regulations states

*The salary budgets are to be reviewed at least annually in February for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Clerk and the Chairman of Council or relevant committee. The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time.*

### **Background**

**Town Council meeting minute, 3/12/18**

**116 (2018-19) Financial Regulations, Cllr Brooks**

*Cllr Brooks said that salary reviews have not been carried out in 2017 or 2018 and possibly in earlier years. Cllr Cornthwaite said that salaries had been reviewed by the Finance Committee annually over a number of years. Cllr Allan spoke of the arrangements of the Personnel Committee.*

**Resolved:** *As per item 4.4 of Financial Regulations; salary budgets shall be brought to the meeting of the council in February 2019 for review with any changes impacting on committee budgets for the forthcoming year*

The RFO will be proposing at the Town Council meeting on 21 January 2019 that 4.4 is amended to read:

The salary budgets are to be reviewed at least annually in November/December for the following financial year as part of the budget and precept estimates. As soon as (NJC) has agreed the new pay scales for employees, the RFO will report the scales to the first available meeting of either the Finance Committee, Personnel Committee or Full Council. Such review shall be evidenced by a hard copy schedule signed by the Clerk and the Chairman of Council or relevant committee. The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time.

## **12. War Memorial**

The Clerk is making the Committee aware that the replacement value of the War Memorial has not been sought yet; outstanding minute 030(2017-18).

## **13. Date of next meeting**

9 April 2019

## Appendix

### 5. Income and expenditure account year 2018/19

Receipts/payments budget report – previous explanations

9/10/17

Code 4630; 2,271.78 was the transfer of VAT monies to the Chamber of Trade bank account. Clerk to check with accounts software support team how transfer from VAT code instead.

10/07/17

Code 4462 Payroll fees overspend. The Clerk provided the reason from Towers+Gornall The amount that you queried was the £200 that I invoiced as “fees in relation to your auto enrolment”. This is basically the time that T+G has amassed in the last year in relation to the data uploads that he has to perform in relation to Local Government Pension Scheme. The total time came to £200.07.

In checking the bank accounts this month I did not find it particularly straightforward to check the amounts paid in as Income to the RBS account.

There were monies banked relating to events which were shown variously as birthday party, market stall, scarecrow festival , teddy sale all on pieces of paper, backs of envelopes etc. There were notes written about refunding expenses from cash relating to the ice cream festival. It was also a bit confusing and lacking in clarity as to which charity was to benefit from the deposits.

I think it would be helpful if there was some sort of form to be completed by those giving you money for banking which stated quite clearly the charity involved, from which particular event the money was raised, who gave you the money etc

I am also not sure whether it is good or best practice for such charity monies to be banked and in effect put in the same bank account as is used for day to day running of the Town Council. Is there any advice available on this?

And if the Town Council is expected to account for the money going to charity, is it incumbent on us to receive a full record of all money received and all expenses paid for these events? For example this month it appears that money raised from one specific event was partly used to pay some expenses for a previous event.

Or is the Town Council just agreeing to hold the net money raised from an event until it can be paid to the appropriate charity with the fund raisers solely responsible for keeping records.

There was also a copy of a cheque relating to the rent for an allotment although the reason was not shown on the photocopy initially. Again would a form help keep clearer records in this case as well.

### 10. Internal Audit terms of reference

## Appendix

Internal Control	Suggested Testing
Proper Bookkeeping	<ul style="list-style-type: none"><li>• Is the cashbook maintained and up to date?</li><li>• Is the cashbook arithmetic correct?</li><li>• Is the cashbook regularly balanced?</li></ul>
a) Standing Orders and financial regulations adopted and applied; and b) Payments controls	<ul style="list-style-type: none"><li>• Has the council formally adopted standing orders and financial regulations?</li><li>• Has a Responsible Financial Officer been appointed with specific duties?</li><li>• Have items or services above the de minimis amount been competitively purchased?</li><li>• Are payments in the cashbook supported</li></ul>

	<p>by invoices, authorised and minuted?</p> <ul style="list-style-type: none"> <li>• Has VAT on payments been identified, recorded and reclaimed?</li> <li>• Is s137 expenditure separately recorded and within statutory limits?</li> </ul>
Risk management arrangements	<ul style="list-style-type: none"> <li>• Does a review of the minutes identify any unusual financial activity?</li> <li>• Do minutes record the council carrying out annual risk assessment?</li> <li>• Is insurance cover appropriate and adequate?</li> <li>• Are internal financial controls documented and regularly reviewed?</li> </ul>
Budgetary controls	<ul style="list-style-type: none"> <li>• Has the council prepared an annual budget in support of its precept?</li> <li>• Is actual expenditure against the budget regularly reported to the council?</li> <li>• Are there any significant unexplained variances from budget?</li> </ul>
Income controls	<ul style="list-style-type: none"> <li>• Is income properly recorded and promptly banked?</li> <li>• Does the precept recorded agree to the Council Tax authority's notification?</li> <li>• Are security controls over cash and near-cash adequate and effective?</li> </ul>
Petty cash procedures	<ul style="list-style-type: none"> <li>• Is all petty cash spent recorded and supported by VAT invoices/receipts?</li> <li>• Is petty cash expenditure reported to each council meeting?</li> <li>• Is petty cash reimbursement carried out regularly?</li> </ul>
Payroll controls	<ul style="list-style-type: none"> <li>• Do all employees have a contract of employment with clear terms and conditions?</li> <li>• Do salaries paid agree with those approved by the council?</li> <li>• Are other payments to employees reasonable and approved by the council?</li> <li>• Have PAYE/NIC been properly operated by the council as an employer?</li> </ul>
Assets controls	<ul style="list-style-type: none"> <li>• Does the council maintain a register of all material assets owned or in its care?</li> <li>• Are the assets and investments registers up to date?</li> <li>• Do asset insurance valuations agree with those in the asset register?</li> </ul>

Bank reconciliation	<ul style="list-style-type: none"><li>• Is there a bank reconciliation for each account?</li><li>• Is a bank reconciliation carried out regularly and in a timely fashion?</li><li>• Are there any unexplained balancing entries in any reconciliation?</li><li>• Is the value of investments held summarised on the reconciliation?</li></ul>
Year-end procedures	<ul style="list-style-type: none"><li>• Are year end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?</li><li>• Do accounts agree with the cashbook?</li><li>• Is there an audit trail from underlying financial records and accounts?</li><li>• Where appropriate, have debtors and creditors been properly recorded?</li></ul>