

MINUTES of the Finance Committee Meeting of Melksham Without Parish Council held on Monday 18th May 2015 at Crown Chambers, Market Place, Melksham at 8.20pm

Present: Cllrs Richard Wood, John Glover; Alan Baines, Rolf Brindle, Mike Mills and Pat Nicol

Cllr Paul Carter attended as an observer and took no part in voting.

034/15 **Appointment of Chair and Vice Chair of Finance Committee for 2015/16:**

Cllr John Glover was appointed as Chair and Cllr Wood handed control of the meeting over to him. Cllr Baines was appointed as Vice Chair of the Finance Committee.

035/15 **Declarations of Interest:** There were no declarations of interest.

036/15 **Public Participation:** There were no members of the public present at the meeting

037/15 **Audit:**

a) Grant Thornton newsletter: The Clerk highlighted the main points in this publication in particular the changes to dates and income thresholds for future external audits. This included a £200,000 income threshold which would trigger the need to have a mid term audit. The Council may reach this threshold with additional income from Solar farms, S106 contributions etc and would then need to inform the external auditors. The officers will monitor this and inform Grant Thornton as required.

b) External Audit key dates for 2014/15: The key dates - in line with audit regulations - were noted: Date of announcement: 4th May 2015; Inspection period: 18th May – 26th June 2015; Date audit called: 29th June 2015; Submission for audit: 27th June 2015. These dates were published on the notice boards and website. Following papers signed prior to the meeting, the external audit paperwork will be sent to Grant Thornton by the end of the week.

c) Internal Auditor report: The recommendations in the Internal Auditors report were considered:

i) **The Council considers whether it may be appropriate to purchase/use of a recognised accounting system.** The Finance Assistant reported that the spreadsheet is working well and the Cllr Baines stated that it was a system that the members can understand. Overall it was agreed that the move to a spreadsheet based system from a manual book for 2014/15 had worked well and is more efficient. **Recommended:** *The Council continues with its spreadsheet based system for 2015/16 but this is reviewed annually.*

ii) **The Council reviews its financial regulations to address the specific issue of electronic banking. If the Council determines that it will not use electronic banking then this should be specifically stated in the Financial Regulations.** The pros and cons of the current cheque system were discussed. The Finance Assistant reported that just 3% of payments are now made by cheque and outlined alternative electronic banking options with a number of institutions. The current bank provider, Lloyds, operates an on line banking system which can include a dual signatory account, however it does not allow access by non signatories to set up the payments for authorization. Other institutions eg Unity Bank do have this facility. The Clerk reported that, given the option, staff would prefer their salaries to be paid directly into the bank. **Recommended:** *The officers investigate banking arrangements to enable a proportion of the precept to be put into an account from which salary payments would be paid via electronic banking while maintaining the dual authority of payments in line with the financial regulations. The payment process for all other expenditure is to be reviewed at the January finance meeting.*

iii) **The Council considers renaming the Financial Risk Assessment as Risk Register to more accurately reflect its scope and purpose.** **Recommended:** *The document be renamed Risk Register (as this was such a minor amendment, this document had already been renamed).*

iv) **The review of the risk assessment and insurance is handled as one process enabling the risks identified in the Risk Register to be correctly addressed in the insurance policy.** This recommendation had already been actioned and was reflected on the Finance Committee meeting agenda.

v) **The Council review the level of Fidelity Insurance to ensure that it covers peak cash and bank balances.** **Recommended:** *To increase the fidelity guarantee to £300,000 on renewal of the insurance policy effective 1st June 2015.*

vi) **The Council reviews the risk of keeping all its reserves with the same bank. It may be appropriate for the Council to set a limit that may be held in one bank.** The Council noted that the FCS compensation scheme for up to £85,000 does not apply to Parish Councils. This was discussed in recommendation ii) as moving the salaries part of the precept to a different bank would spread the risk across 2 institutions.

vii) **The Council review reserves following comments for the External Auditor. It may be appropriate to separately identify earmarked funds which are expected to be required in the relatively short term (2-5 years) from other funds which may be less specifically required and could therefore be classified as part of the General Reserve.** Owing to

the timing of the external audit, this had already been discussed by the Full Council and reflected on the annual return.

viii) **The Council write to the HMRC to formally request dispensation from the requirement to register for VAT as supplies are infrequent and the value of supplies are small. *Recommended: The Council apply to the HMRC for dispensation.***

ix) **The Council considers the use of some form of payment card, such as ALTO prepayment cards which are often used by other Councils.** The Clerk explained that staff sometimes buy stationery, cleaning materials and small items of equipment as prices are more competitive particularly on line. There are potential issues with reclaiming the VAT on this expenditure and the reliance on staff to make these payments and reclaim them in their expenses. ***Recommended: The Finance Assistant investigates options for a prepayment card and provides information to the Full Council.***

x) **The Council consider whether it is appropriate to continue paying staff by cheque, or whether alternative payment arrangements may be appropriate.** This was discussed as part of recommendation ii).

xi) **The Council obtains a P11D dispensation.** The Clerk clarified the background to this as expenses are paid through the payroll. ***Recommended: The Council writes to the HMRC to obtain this dispensation.***

xii) **Bank statements and bank reconciliations are subject to regular independent review and signed as evidence of approval. Chair to sign year end bank rec. *Recommended: The finance committee members review these documents on a monthly basis when approving cheques/payments. The Chair of the Council to sign year end bank rec.***

xiii) **The Council considers whether it is appropriate or necessary to continue to operate the Business Instant Access account or whether it should be closed. *Recommended: The Council reviews the need for this and the 30 day account when banking arrangements regarding electronic payments are considered.***

xiv) **The Council check with the Charities Commission as to whether there are any registration requirements in respect of Bowerhill Sports Field. It also obtains a copy of the Land Registry entries for the playing field to ensure that the asset is in the name of the Council and what restrictions there may be on the asset. *Recommended: The Finance Assistant carries out these checks and provides information to the Full Council.***

d) Appointment of Internal Auditor for 2015/16: The internal audit for 2014/15 was thorough and good advice was provided. **Recommended:** *IAC Ltd is appointed as Internal Auditor for 2015/16.*

038/15 **Financial Regulations:** The annual review of this document took place. It was agreed that the amended regulations need to reflect the change in timing of finance meetings, the ability to view the Council's bank accounts on line and collect payments by BACs and the updated Standing Orders. The need for obtaining value for money when buying goods / services was discussed and it was agreed to leave regulation 10.2 unchanged and continue to minute exceptions in line with current practice. **Recommended:** *The Financial Regulations be amended with the following changes and be reviewed following the implementation of electronic banking regulations at the January Finance meeting:*

2. Annual estimates: references to November Finance Committee meeting be updated to read January.

3.3 The RFO will provide the Council with a financial summary under the headings of budgets comparing actual expenditure against that planned on a quarterly basis.

3.5 In addition, the Clerk / RFO may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure subject to a limit of £500.

5 Banking arrangements and cheques. These sections of the Financial Regulations were reviewed and adapted to reflect the fact that cheques are now signed in the days after the meeting (not in the meeting). An additional regulation 5.5 was added: To assist with the control and management of the accounts, the Clerk/RFO and Finance Assistant shall have the authority and necessary access to view the bank accounts on line.

7.2 Payment of salaries and payments of deduction from salary such as may be for tax, national insurance and pension contributions shall be made in accordance with the payroll records on the date of the Full Council meeting each month (with August salaries being ratified at the July meeting and dated 25th August).

8 Loans and investments: These sections of the Financial Regulations were reviewed with no amendments.

9.5 All sums received on behalf of the Council shall be banked intact as directed by the RFO unless paid directly into the bank account (see 9.6).

9.6 (new regulation) Collection of sums may be received directly into the banks account via a BACs payment. Invoices shall include the Council's bank account name, sort code and account number to enable this process.

9.11 (new regulation) Electronic banking shall be limited to the activities detailed in 5.5 (access to view the bank accounts on line) and 9.6 (ability for the Council to be paid by BACS).

11.1 (b) Where it is intended to enter into a contract exceeding £10,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are expected as set out in paragraph (a), the Clerk / RFO shall invite tenders from at least three firms.

11.1 (g) Any invitations to tender issued under this regulation shall contain a statement to the effect of Standing Orders 54, 56, 60, 64 & 68.

11.1 (b), (f), (h) Tenders Thresholds: These sections of the Financial Regulations were reviewed with no amendments

039/15 **Risk Assessment / Risk Register:** The annual review of this document took place. The Finance Assistant reported that the following changes had been made:

All pages: Aviva renewed policy from 1st June 2015 (through Came & Company Ltd). See policy documents and asset breakdown detail. Review dates referencing June Finance Committee changed to May Finance Committee. Review dates referencing July Staffing Committee changed to June Staffing Committee.

Page 1: Reference to accounts book changed to accounts spreadsheet; cheque book retained at Council office (no longer on person of RFO); Finance Assistant added to persons with authority to transfer funds between accounts; threshold for payments to be authorised by Full Council increased to £500; threshold for RFO to authorise cheques with two Finance Committee members increased to up to £500; Cash received to Council office only (not by allotment warden) and to be check by two members of office staff.

Page 2: Fireproof changed to metal cabinet for key documents; Equipment security marked by Smartwater; Security markings not obvious but Smartwater prevention signs to be displayed in building.

Page 4: Area of Risk added: Defibrillators

Page 5: Annual reminder re Register of Interests made at Annual Council meeting; Adoption of WALC 'Councilor job description' added; Membership of WALC / NALC deleted.

Page 6: Additional Subject Area added: Buildings in the Parish Area together with relevant area of risk, detail and minimization

Recommended: *The Financial risk assessment / risk register be amended with the above changes and adopted for 2015/16. Officers to investigate email options re councilors protection of personal email addresses, more efficient remote access of email for staff / councilors and use of the Cloud for off site storage. Staffing Committee to review lone working policy, staff training for more difficult members of the public and options for better entry security for public to protect staff eg stable door / hatch. The Clerk to put in place necessary the risk minimisation for defibrillators when they are installed.*

040/15 **Schedule of Charges:**

a) Photocopying charges: It was noted that the charges to the Council for photocopying had increased from 1.096p to 1.151p per copy (excluding the first 7,140 copies per quarter, already included in the agreement)

Recommended: *The Photocopying charges to the public remain at 12p for 1-19 copies and 10p for 20+ copies.*

b) Charge for supply of Annual Accounts: **Recommended:** *The charge for supplying a copy of the Annual Accounts to a members of the public remains at £2 + postage.*

c) Charges for the use of Bowerhill Sports Field and New Pavilion: These were reviewed and compared with information provided by Wiltshire Council about fees charged for similar facilities across Wiltshire. The new pavilion facilities were discussed and Cllr Baines recommended that users should be charged for the facilities that they have access to - this may be toilet & kit room, changing rooms, kitchen & lounge area or a combination of these. For football teams the agreement needs to include training days / times as well as matches.

Owing to time constraints, conclusions about these charges were deferred until the next Finance Committee meeting on 8th June.

041/15 **Asset Register:** The Finance Assistant reported that all assets had been reviewed in line with guidance from the external auditor and the Asset working party meeting held on 5th March 2015. The total asset value had reduced to £249,621 as at 31st March 2015 largely due to the removal of buildings which it has become apparent are not actually owned by the Council and the revaluation of assets to purchase price (where possible) or oldest valuation held. The Clerk reported that the buildings removed were Bowerhill Village Hall and Whitley Reading Rooms. If the management

committees of these building were to fall, then the Council, as custodian trustees, would step in until a replacement committee was established. The Clerk reported that Shaw Village Hall management committee has insurance in place for Shaw Village Hall to the value of £255,000 and that under the terms of the lease, the level of insurance cover had to be approved by the Council. **Recommended:** *A more thorough review of the asset register is carried out at the next meeting. The Council contact Shaw Village Hall management committee to ask them to amend their insurance policy so that it is in the joint names of the management committee and the Council. The Council approved the level of insurance pending an independent valuation.*

042/15 **Council Insurance Policy for year commencing 1st June 2015:** The Committee reviewed the Council's insurance policy. The 3 year long term agreement with Aviva remains in place until 31st May 2017. The Finance Assistant reported that following the review of the asset register, the insured value of the assets listed had also been checked to ensure they adequately covered the Council if replacement of any items listed was required. This resulted in an increase in items insured for property damage & theft from £202,025 to £252,616. The Clerk explained that the insurance broker recommended considering whether some of the items of lower value should be included in the insured list as the excess on the policy for any claim is £250. Bus timetables had already been eliminated by the asset working party and it was agreed that outside seats were also removed from the policy. A quote to increase fidelity insurance from £150,000 to £300,000 had been received increasing the annual premium by £222.60. **Recommended:** *The Council increase its insurance to £300,000 fidelity guarantee and items insured in line with the detail presented by the Finance Assistant less outside seats but to include £1,000 for stationery within the office. The Full Council gave delegated powers to the Finance Committee (see min 495/14c) to approve the level of insurance make payment and Cllrs Brindle and Baines agreed to sign the cheque once the revised premium was confirmed on 28th May.*

043/15 **Investment Opportunities:** Deferred until Finance Committee meeting on 8th June

044/15 **Grant Applications made by the Parish Council:** Deferred until Finance Committee meeting on 8th June

045/15 **Subscriptions:** Deferred until Finance Committee meeting on 8th June

046/15 **Land at Berryfield:** Deferred until Finance Committee meeting on 8th June

Meeting closed at 10:04pm

Chairman 22nd June 2015