



9 am to 4 pm Mondays to Fridays

TO ALL MEMBERS OF THE FINANCE & GENERAL PURPOSES COMMITTEE

Cllr G Newman (Chairman)
Cllr S Bird (Vice Chairman)
Cllr N Barber
Cllr M Deacon
Cllr S Gallant

Cllr Jan Garfield
Cllr D Savage
Cllr A Smith
Cllr S Wiles
Cllr K Williams

You are hereby summoned to attend a meeting of the **FINANCE & GENERAL PURPOSES COMMITTEE** to be held at the **Town Hall, Felixstowe** on **Wednesday 24 May 2017** at **7.30pm** for the transaction of the following business:

A G E N D A

1. Public Question Time

Up to 15 minutes set aside to enable members of the public to make representation or put questions to the Committee on any relevant matters.

2. Apologies

To receive apologies for absence.

3. Declarations of Interest

Members and officers are invited to make any declarations of Disclosable Pecuniary or Local Non-Pecuniary Interests that they may have in relation to items on the Agenda and are also reminded to make any declarations at any stage during the meeting if it becomes apparent that this may be required when a particular item or issue is considered.

4. Requests for Dispensation

Councillors with a pecuniary interest in an item on this agenda, who wish to remain, speak and/or vote during consideration of that item, may apply for a dispensation in writing to the Town Clerk prior to the meeting. Applications may also be considered at the meeting itself should the nature of the interest become apparent to a Councillor at the time of the meeting.

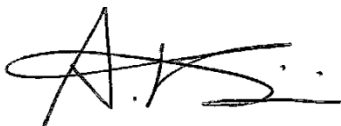
5. Confirmation of Minutes

To confirm the Minutes of the Finance & General Purposes Committee meeting held on 22 March 2017 as a true record. **(Pages 3-5)**

6. Internal Audit Report: Quarter Four 2016/17

To receive the final report of the Internal Auditor for 2016/17 and consider any actions in respect of any matters raised. **(Page 5 & Appendix A)**

- 7. Review of Internal Audit Effectiveness**
To review the effectiveness of Council's appointed Internal Auditor and make any recommendations to Council. **(Pages 6-7)**
- 8. Accounts for the Financial Year 1 April 2016 – 31 March 2017**
To receive the full-year accounts report to 31 March 2017, alongside a report on final outturn of Balances and Reserves, and consider any actions deemed necessary. **(Pages 8-9 & Appendix B)**
- 9. Budget Monitoring to 30 April 2017**
To receive budget monitoring report to 30 April 2017 and consider any actions deemed necessary. **(Pages 10-13 & Appendix C)**
- 10. Statement of Internal Control 2017/18**
To review the Council's Statement of Internal Control and make any recommendations to Council. **(Page 14 & Appendix D)**
- 11. Business Plan 2016-2020 – Action Plan Review**
To review the Action Plan, as part of the first year review process for the Council's Business Plan and consider any actions deemed necessary. **(Page 15 & Appendix E)**
- 12. Local Councils Award Scheme Working Group – Update**
To receive an update from the Working Group on the Local Councils Award Scheme **(Page 16)**
- 13. Closure**
To close proceedings and confirm the date of the next meeting scheduled for Wednesday 26 July 2017 at 7.30pm.



Ash Tadjrishi
Town Clerk
18 May 2017

For information (via email): All Town Councillors
Local Press

Meetings of the Town Council and its Committees are open to the press and public who are welcome to attend.

524. TERMS OF REFERENCE 2017/18

Committee reviewed the Terms of Reference for Council and its Committee for 2017/18.

It was RESOLVED that, the Terms of Reference for 2017/18 be recommended to the Annual Council meeting for adoption as presented.

525. STANDING ORDERS 2017/18

Committee reviewed Standing Orders for 2017/18.

It was RESOLVED that Standing Orders for 2017/18 be recommended to Annual Council meeting for adoption as presented.

526. FINANCIAL REGULATIONS 2017/18

Committee reviewed its Financial Regulations for 2017/18.

In line with item 6.8 committee reviewed the continued use of BACS.

It was RESOLVED that the Financial Regulations for 2017/18 be recommended to the Annual Council meeting for adoption as presented and the continued use of BACS also be recommended to Council.

527. RISK MANAGEMENT POLICY & FINANCIAL RISK REGISTER

Committee considered Council's Risk Management Policy and Financial Risk Register for 2016/17.

It was RESOLVED that the Risk Management Policy be recommended to the Annual Council meeting for adoption.

528. COMPLAINTS PROCEDURE

Committee reviewed the Council's Complaints Procedure for 2017/18.

In order to support complainants it was felt that the addition of the words 'or their representative' throughout the Complaints Procedure would be a useful amendment.

It was RESOLVED that Council's Complaints Procedure be recommended to Annual Council for re-adoption in 2017/18 with the addition of ' or their representative' to aid the Complainant.

529. PUBLICATION SCHEME

Committee reviewed the Publication Scheme based on the Information Commissioner's Office (ICO) model publication scheme, and the schedule of information available from Felixstowe Town Council.

RESOLVED that the ICO model publication scheme be recommended to Annual Council for adoption alongside the schedule of information available from Felixstowe Town Council.

530. CLOSURE

The meeting was closed at 8.04pm. The next meeting was noted as being scheduled for 24 May 2017 at 7.30pm.

AGENDA ITEM 6: INTERNAL AUDIT REPORT: QUARTER FOUR
2016/17

The Internal Audit for the year ending 31 March 2017 took place on Wednesday 26 April 2017 and the signed report is presented at **Appendix A**.

The Internal Auditor has completed page 5 of the Council's Annual Return confirming that the Council has met all its internal control objectives.

In the Quarter 2 Internal Audit Report, the Auditor commended Council for the way it is governed and managed, and suggested a reduction in the frequency of its internal audits from quarterly to biannual. Committee agreed and recommended accordingly (*Minute #347 of 2016/17 refers*). This was included and approved in the budget report to Council in January but is required to be formalised as part of the review of Council's Statement of internal Control (see agenda item 10).

There was one recommendation in the Quarter 4 Internal Audit Report:
'The insurance values on the asset register need to be updated to match those in the insurance documents. This helps Councillors and officers cross-reference the two sources of information to confirm that all the assets that need to be insured are included in the insurance documentation and that insurance is indeed adequate.'

Given the timing of the recommendation, this was reported to Annual Council. The Asset Register for the year ending 31 March 2017 was consequently updated and approved.

Committee is requested to consider the final Internal Audit Report for the year 1 April 2016 - 31 March 2017; note the action taken in respect of the Asset Register recommendation; and, make any other recommendations to Council it deems necessary.

AGENDA ITEM 7: REVIEW OF INTERNAL AUDIT EFFECTIVENESS

Regulation 6 of the Accounts and Audit Regulations 2015 imposes a duty on local councils to “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.”

Internal audit is a key component of the system of internal control. The purpose of internal audit is to review whether the systems of financial and other controls over a council’s activities and operating procedures are effective.

Mr Colin Poole, as appointed by the Suffolk Association of Local Councils (SALC), has acted as the internal auditor to Felixstowe Town Council since October 2015. SALC have been providing internal audit services to the Town Council since December 2012.

Local councils are required, at least once a year, to conduct, in accordance with proper practices, a review of the effectiveness of internal audit. The Council is required to sign the annual governance statement (on the annual return submitted to the external auditor) to evidence that this review has been undertaken.

Review of effectiveness of internal audit

Paragraph 4.22 of “Governance and Accountability for Local Councils – a Practitioner’s Guide (March 2016)” states that the “*review should be designed to assure the authority that it has maintained the standards of an adequate and effective internal audit of its risk management, control and governance processes. It should include, as a minimum, making an assessment of each of the following:*

- *the scope of internal audit;*
- *independence;*
- *competence;*
- *relationships with the clerk and the authority; and*
- *audit planning and reporting.*

The Council must also satisfy itself that the quality of delivery of the internal audit service provides reliable assurance about the Council’s internal controls and its management of risk.

An assessment against the above criteria is provided, as follows, to assist Committee in reviewing the effectiveness of the Town Council’s internal audit arrangements:

Scope of Internal Audit: *It is a matter for the authority to determine the necessary scope and extent of its internal audit. When securing an internal audit service, the authority should make sure that it is proportionate to the needs, size and the circumstances of the authority.*

The scope of the internal audit work carried out by Mr Poole follows the suggested approach to internal audit provided by Appendix 9 of the “Governance and Accountability for Local Councils – a Practitioner’s Guide 2014.”

Independence: *Independence requires the absence of any actual or perceived conflict of interest. It means that whoever carries out the internal audit role does not have any involvement in or responsibility for the financial decision making, management or control of the authority, or with the authority's financial controls and procedures.*

Mr Poole has no involvement in the Council's financial controls, procedures or decision making.

Relationships with the Clerk and the Authority:

Mr Poole is not related to, nor associated with, any member of the Council or the Clerk. The internal auditor has direct access to the Council should he think this necessary.

Competence: *There are various ways for an authority to source an internal audit service, for example, appointing a local individual administered by a local association or branch of NALC, SLCC or ADA. An individual will need to demonstrate adequate independence and competence to meet the needs of the authority.*

Mr Poole has extensive experience of carrying out audit work for parish councils across Suffolk on behalf of the Suffolk branch of the National Association of Local Councils.

Audit Planning and Reporting: *The minimum reporting requirement for internal audit to the smaller authority is met by completing the annual internal audit report on page 5 of the annual return.*

In addition to completing the annual internal audit report on the annual return, Mr Poole prepares a report in his own name following completion of each internal audit. Each audit report is presented to the Council's Finance & General Purposes Committee and any recommendations are reviewed and considered at that time. Any actions taken prior to the meeting, such as may be appropriate under delegated authority or for matters of urgency, are reported to the Committee at this time. Any actions to be taken on the recommendations made are recorded in the minutes of the meeting and reported to Council for approval, if required.

An internal audit of Felixstowe Town Council was carried out four times during 2016/17 on a quarterly basis. During that year the Internal Auditor recommended that, due to Council's demonstrably ongoing good governance, Council's internal audits could be carried out twice annually.

Committee is requested to review the effectiveness of the internal audit and recommend appropriate arrangements to Council for 2017/18.

AGENDA ITEM 8: ACCOUNTS FOR THE FINANCIAL YEAR 1 APRIL 2016 – 31 MARCH 2017

At the previous meeting Committee received the accounts report to 15 March 2017 together with an estimated outturn position projected for 2016/17. A summary Income & Expenditure Report for the Financial Year ending 31 March 2017 is shown below with a detailed report provided at **Appendix B**. These provide the final, unaudited, position at year end:

18/05/2017		Felixstowe Town Council YE 16/17					Page No 1	
14:06		Summary Income & Expenditure by Budget Heading 31/03/2017						
Month No : 12		Committee Report						
		Actual Last Year	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Of Budget
<u>Finance & General Purposes</u>								
Expenditure		246,186	277,515	254,788	-22,727	0	-22,727	108.9 %
Income		560,478	562,055	560,711	1,344			100.2 %
Net Expenditure over Income		<u>-314,292</u>	<u>-284,540</u>	<u>-305,923</u>	<u>-21,383</u>			
<u>Assets & Services</u>								
Expenditure		235,089	243,799	260,452	16,653	0	16,653	93.6 %
Income		127,881	127,610	100,638	26,972			126.8 %
Net Expenditure over Income		<u>107,208</u>	<u>116,189</u>	<u>159,814</u>	<u>43,625</u>			
<u>Civic & Community</u>								
Expenditure		105,499	110,142	111,481	1,339	0	1,339	98.8 %
Income		11,833	17,210	7,990	9,220			215.4 %
Net Expenditure over Income		<u>93,665</u>	<u>92,932</u>	<u>103,491</u>	<u>10,559</u>			
<u>INCOME - EXPENDITURE TOTALS</u>								
Expenditure		586,774	631,456	626,721	-4,735	0	-4,735	100.8 %
Income		700,192	706,876	669,339	37,536			105.6 %
Net Expenditure over Income		<u>-113,418</u>	<u>-75,419</u>	<u>-42,618</u>	<u>32,801</u>			

Total expenditure against budget for the year was 100.8% and Council achieved an income of 105.6% against budget. The positive outturn on budget totalled £32,801.

Net expenditure against Earmarked Reserves was £51,576 (£42,619 transferred in minus £94,195 expenditure) as shown in the table below:

900	Earmarked Reserves	Closing Balance at 31 March 2016	Transferred in from General Fund	Council approved expenditure during 2016/17	Closing Balance at 31 March 2017
9010	Election Expenses	4,500	5,000	6,638	2,862
9015	Enhancement & Promotional	3,679	-	958	2,721
9020	Felixstowe in Flower	8,428	-	-	8,428
9025	Asset Repairs & Replacement	13,532	3,000	-	16,532
9030	IT Replacement Fund	3,117	-	-	3,117
9035	Recycling Credits	2,434	-	-	2,434
9040	Cemetery Projects	126,807	20,000	16,885	129,922
9050	Broadway House	57,500	2,500	1,480	58,520
9055	Walton Community Hall	57,500	2,500	0	60,000
9060	Town Hall Capital Refurb	7,821	-	7,821	-
9065	Town Hall Maintenance	59,118	54,774	8,160	105,732
9070	Play Equipment	27,000	-	-	27,000
9075	Community Fund	162,405	17,184	27,128	152,461
9080	Council Tax Localisation Rsrve	74,904	-62,339	-	12,565
9085	CCTV	42,000	-	-	42,000
9090	Staffing Reserve	25,500	-	25,125	375
9100	Community Infrastructure Levy	-	(911)	-	911
	Total Earmarked Reserves	676,245	42,619	94,195	625,580

The overall financial position of the authority as of 31 March 2017 therefore was £912,112.

At the previous Financial Year end 31st March 2016, Council held total reserves of £930,888. This was represented by General Reserves of £254,643 and Earmarked Reserves of £676,245.

Fund	Balance at 31 March 2016	Balance at 31 March 2017
General Fund	254,643	286,532
Earmarked Reserves	676,245	625,580
Total	930,888	912,112

The Annual return for the Financial Year 2016-17 is being prepared on this basis and will be submitted to Council in June for approval.

Committee is requested to receive the Accounts to 31 March 2017 and note the Council's financial position as at year end 2016/17.

AGENDA ITEM 9: BUDGET MONITORING TO 30 APRIL 2017

A summary Income & Expenditure Report to 30 April 2017 is shown below with a detailed report provided at **Appendix C**.

17/05/2017	Felixstowe Town Council						Page No 1	
15:43								
	Summary Income & Expenditure by Budget Heading 30/04/2017							
Month No : 1	Committee Report							
		Actual Last Year	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Of Budget
<u>Finance & General Purposes</u>								
	Expenditure	277,515	28,194	257,053	228,859	0	228,859	11.0 %
	Income	562,055	274,963	555,342	-280,379			49.5 %
	Net Expenditure over Income	-284,540	-246,769	-298,289	-51,520			
<u>Assets & Services</u>								
	Expenditure	243,799	16,797	262,922	246,125	0	246,125	6.4 %
	Income	127,610	6,595	105,982	-99,387			6.2 %
	Net Expenditure over Income	116,189	10,202	156,940	146,738			
<u>Civic & Community</u>								
	Expenditure	110,142	12,088	125,584	113,496	0	113,496	9.6 %
	Income	17,210	2,021	11,992	-9,971			16.9 %
	Net Expenditure over Income	92,932	10,067	113,592	103,525			
<u>INCOME - EXPENDITURE TOTALS</u>								
	Expenditure	631,456	57,079	645,559	588,480	0	588,480	8.8 %
	Income	706,876	283,579	673,316	-389,737			42.1 %
	Net Expenditure over Income	-75,419	-226,500	-27,757	198,743			

In accordance with Council's Financial Regulations, Committee is to receive explanations of Material Variances for expenditure in excess of the estimated budget of 10% or £500, whichever is the lesser. As the Council's budgets are not produced on a phased basis, the expectation is, being one month in to the year, for overall expenditure to be around 8.3%, with an explanation for any items overspent by £500 or 10% or over this level (i.e. 9.2%). Total expenditure for the first month stood at 8.8%. Explanatory notes and any recommended action for individual qualifying items in **Appendix C** are as follows:

Cost Centre 101 - Administration
<p>4030 Training (10.9%) RBS Yearend support, expected to be within budget at end of year. Recommendation: No action.</p>
<p>4460 Subscriptions (21.0%) Front loaded – two annual subscriptions paid to date. Recommendation: No action.</p>
<p>4464 Insurance (97.4%) Full year payment up front. Recommendation: No action.</p>
Cost Centre 201 - Town Hall
<p>4110 Rates (9.5%) Rates are paid over 10 months only. Recommendation: No action.</p>
<p>4180 Licences (100%) Paid in full for 2017-18. Recommendation: No action.</p>
<p>1000 Hirings (6.8%) Awaiting confirmation of a commercial booking for May. Recommendation: Continue to monitor on a monthly basis.</p>
<p>1030 Leases, Rents & Licences (0%) £6,204 (80%) invoiced awaiting payment. Payments due at various points in-year. Expect to be at 100% by year end. Recommendation: No further action</p>
Cost Centre 202 – Walton Community Hall
<p>4110 Rates (9.9%) Rates are paid over 10 months only. Recommendation: No further action</p>
<p>4122 Electricity (11.5%) Supplier changing 7th May 2017 with Smart Meter for improved monitoring. Also investigations are currently being made into fitting a 7 day programmable timer. Recommendation: Continue to monitor on a monthly basis.</p>
<p>1000 Hirings (-11.9%) £810.00 (10.8%) invoiced, awaiting payment. + £1,267.75 (16.9%) outstanding debt being paid by instalments. Minus figure due to year end debtors. Recommendation: Continue to monitor on a monthly basis.</p>

Cost Centre 203 – Broadway House
<p>1030 Leases, Rents & Licences (0.0%) Annual receipt to be invoiced. Recommendation: No further action.</p>
Cost Centre 204 – Cemetery
<p>4110 Rates (9.5%) Rates are paid over 10 months only. Recommendation: No further action</p>
<p>4300 Vehicle Running Costs (15.1%) Some costs are front loaded e.g. Truck MOT & Tax paid for the year. Recommendation: Continue to monitor on a monthly basis.</p>
<p>1032 Mobile Phone Mast (0.0%) Paid annually, invoiced in June. Recommendation: No further action</p>
<p>1100 Interment Fees (1.8%) £5,054 (12.6%) invoiced, awaiting payment. Recommendation: Continue to monitor on a monthly basis.</p>
<p>1120 Purchase of Graves (5.8%) No further graves purchased to date. Recommendation: Continue to monitor on a monthly basis.</p>
<p>1130 Memorials (0.1%) £1,057 (10.6%) invoiced, awaiting payment. Recommendation: Continue to monitor on a monthly basis.</p>
<p>1140 Upkeep of Grave Spaces (0.0%) Invoiced in June. Recommendation: Continue to monitor on a monthly basis.</p>
<p>1141 Admin Fees (-32%) Minus figure due to year end debtors Recommendation: No further action.</p>
Cost Centre 205 – Allotments
<p>4320 Vehicle/Tool Hire (14%) Hire of dumper/vib.roller at allotment site. Recommendation: Continue to monitor on a monthly basis.</p>
<p>1080 Allotment Rents (0.7%) Majority of Allotment rents are billed annually in September Recommendation: No further action</p>

Cost Centre 301 – Civic & Community
<p>4511 Town Twinning (44.0%) Twinning visit for Mayor’s Ball, and tickets for visit to Wesel in August Recommendation: Continue to monitor on a regular basis</p>
<p>4645 Christmas Lights (100.0%) Paid over at start of Financial Year Recommendation: No further action</p>
<p>4650 Seasonal Events (25.2%) Deposit for ice rink paid. Recommendation: No further action</p>
<p>1800 Agency Income (0%) CCTV contribution from SCDC, invoice in July Recommendation: No further action</p>
<p>1810 Donations & Sponsorship (0%) None received as yet. Recommendation: Continue to monitor.</p>
Cost Centre 305 – Community Fund Projects
<p>4625 Felixstowe Harwich Ferry (100.0%) Paid over at start of Financial Year. Recommendation: No further action.</p>

Committee is requested to consider the budget monitoring report to 30 April 2017 and decide on any action it deems necessary.

AGENDA ITEM 10: STATEMENT OF INTERNAL CONTROL

The Accounts and Audit Regulations 2015 states that a Council must ensure that it has a sound system of internal control which

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

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The council must operate an overall system of internal control appropriate to its expenditure and activity. As part of its system of internal control, the council arranges for an internal audit where someone, (other than the RFO and acting independently of the council), scrutinises the council's financial systems.

The system of internal control is designed to ensure that the council's activities are carried out properly and as intended. Internal controls are set up by the RFO but it falls on the Council members to ensure that they have a degree of control and understanding of those controls. Controls will include the checking of routine financial procedures; the examination of financial comparisons; the recording of assets and liabilities; the identification of risk and to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Council's Statement of Internal Control for the year ending 31 March 2018 has been updated to include Committee's recommendation that internal audits be undertaken biannually (*Minute #347 of 2016/17 refers*) and to make reference to the approved use of electronic payment methods. This is presented in draft with tracked changes for consideration at **Appendix D**.

Committee is requested to review and recommend to Council, its Statement of Internal Control for the 2017/18 financial year as drafted for consideration at Appendix D.

AGENDA ITEM 11: BUSINESS PLAN 2016-2020- ACTION PLAN REVIEW

At its meeting of 23 March 2016, Committee considered the recommendation of the Local Councils' Award Scheme Working Group for the development of a Council business plan (*Minute #518 of 2015/16 refers*). Committee agreed that a Business Plan for Felixstowe Town Council should span four years, from 2016 to 2020. This would allow for the Plan to be in its final year during the first year of the next new Council term and able to be reviewed for a new four year period from the following year. i.e. each new Council would be able to see out a current plan and work towards setting a new one in its first year.

Following public consultation and consideration, Council approved its first four-year business plan on 14 September 2016.

The Business Plan will be reviewed and updated this year to reflect changes since its introduction and will be brought to Committee in due course. The Local Councils' Award Scheme panel has requested that financial forecasts for both revenue and capital for the duration of the Council's Business Plan are included and this will be brought to Committee as part of the Business Plan review.

To aid the review process, Council's corresponding Action Plan has been updated to show achievements and progress against its Business Plan objectives over the past year. This is presented for consideration at **Appendix E**.

Committee is requested to consider the draft Action Plan 2017/18 and any actions it deems necessary in preparation for the Business Plan review.

AGENDA ITEM 12: LOCAL COUNCILS AWARD SCHEME WORKING GROUP - UPDATE

At its meeting of 9 November 2016 (*Minute #314 of 2016/17 refers*), Council considered the recommendation from the Finance & General Purposes Committee which had resolved that that all qualifying evidence and documentation for the Local Council Gold Award be submitted.

The portfolio was completed and submitted on 25 November 2016. On 12 April 2017 detailed feedback on the qualifying criteria was received, with the following comment:

“Thank you for your submission for the above award. Please find attached the detailed Panel Assessment. The Town Council should be congratulated on the high number of criteria it met in the assessment criteria. At this first stage, it is usual to go back to the Councils with a large number of areas that need further information or improvement. This is not the case for Felixstowe...”

The LCAS Working Group met on 9 May, and examined the detailed feedback from the panel in order to consider addressing the few matters raised. Several actions have already been completed by Council and it is anticipated that any further evidence will be collated and submitted to the panel in the near future. The Local Councils' Award Scheme panel has requested that financial forecasts for both revenue and capital for the duration of the Council's Business Plan are included and this will be brought to Committee as part of the Business Plan review. Should further feedback be received requiring consideration by Committee, this will be reported in due course.

Committee is requested to consider the update from the Local Councils Award Scheme Working Group and decide on any actions it deems necessary.
