

## **WIGTON TOWN COUNCIL**

### **A MEETING OF THE FINANCE COMMITTEE WAS HELD ON TUESDAY 8<sup>TH</sup> JUNE 2021 AT 6.00PM**

**PRESENT** Councillors Lynch, Robbins, Jackson, Armstrong, Ferriby and Scott

#### **FIN/1/2021 TO ELECT A CHAIR**

Nominations – Cllr Ferriby nominated Cllr Lynch and seconded by Cllr Armstrong  
Cllr Lynch was elected as Chair

#### **FIN/2/2021 TO RECEIVE APOLOGIES & RECORD REASONS FOR ABSENCE**

None

#### **FIN/3/2021 DECLARATIONS OF INTEREST/DISPENSATIONS**

None

#### **FIN/4/2021 EXCLUSION OF PRESS AND PUBLIC**

None

#### **FIN/5/2021 BARTON LAWS CAR PARK QUOTE**

Following a site meeting by Cllrs Ferriby and Jackson an estimate has been received  
£20,900

It was RESOLVED the Clerk contact other contractors for further quotes to include  
Compacted Sub Base and a disabled access from the road. Also cost for new gates.

Cllr Jackson recommended the money received from the Bailey bridge (£3,000) is used for  
works to the car park.

Cllr Lynch to look into sending letters to businesses in the town with Asst Clerk.

#### **FIN/6/2021 REVIEW OF THE INTERNAL AUDITOR**

## **WIGTON TOWN COUNCIL**

### **SUBJECT: REVIEW OF INTERNAL CONTROL AND INTERNAL AUDIT ARRANGEMENTS**

#### **1. Summary**

1.1 There is a requirement under the Accounts and Audit (England) Regulations 2011 that the Council undertakes and approves a review of the effectiveness of its internal control arrangements annually.

1.2 As part of this review Members should consider the level of fidelity  
guarantee insurance cover in place

#### **2. Recommendations**

2.1 Council is asked to approve:

2.1.1 The review of internal control and internal audit arrangements.

2.1.2 The level of the Town Councils fidelity guarantee insurance of £500,000

### **3. Background**

3.1 Local Councils are responsible for putting in place proper arrangements for the governance of their affairs and the stewardship of the resources under their control. These arrangements should enable the Council to carry out its activities effectively whilst managing risk.

3.2 A system of internal control should be designed to manage risk to a reasonable level. Whilst it cannot eliminate the risk of failure to achieve policies, aims and objectives; it can provide reasonable assurance of effectiveness.

3.3 Regular reviews of internal control provide assurances on their effectiveness and where appropriate a management action plan can be used to address any identified weaknesses.

3.4 The review process includes:

- obtaining assurances to the extent that control systems have operated effectively throughout the year;
- reviewing Internal and External Audit Inspection reports;
- review of any issues arising from the last review of internal control.

### **4. System of Internal Control**

4.1 A review checklist of the Internal Control systems currently in place is shown at Appendix 1. Members are asked to review this to ensure that the current Internal Control arrangement continue to be efficient and effective for the Council.

4.2 As part of the review Members are asked to consider the level of fidelity guarantee insurance, currently £500,000 with an excess of £100. Fidelity guarantee insurance helps safeguard the Council against dishonesty and the level of cover should be set by the Council taking into account the loss it could face.

4.3 The Town Council's External Audit indicates that they would expect the level of cover to be sufficient to cover the maximum amount of cash reserves held by the Council. The Town Council's highest level of cash reserves occurs following the receipt of its annual precept at the end of April each year.

4.4 When the Town Council receives its precept for 2021/2022, estimated to be in the order of £300,000, it is expected that its total cash reserves will be in the order of £150,000.

## **5. Review of Internal Audit Arrangements**

5.1 Advice provided by the Joint Practitioners Council which includes members from the National Association of Local Councils and the Society of Local Council Clerks, states that as a minimum the review of internal audit should include an assessment of each of the following:

- the scope of the audit
- independence • competence
- relationships
- audit planning and reporting

5.2 The Internal Auditor has no involvement in the financial decision making or management or administrative control of the Council. They are not asked to provide consultancy or advice on the Council's financial controls and procedures.

5.3 The current Internal Auditor is Jean Airey. She is appropriately qualified and has significant local authority finance experience and knowledge of accounting and auditing processes including the role of the internal audit and awareness of risk management issues. She understands accounting requirements and the legal framework and powers of local councils.

5.4 An internal audit is conducted twice a year.

5.5 The Internal Auditors findings are reported to Council. These include a management plan showing recommendations with management responses. It is anticipated that Council will receive the report on the current years Internal Audit findings early in the new financial year.

5.6 A review checklist of internal audit arrangements has been prepared and is shown at Appendix 2 for Members to review.

## **6. Financial Implications**

6.1 There are none, unless Members decide to increase the level of fidelity insurance then the premium cost will increase, subject to the revised value agreed.

## **7. Environmental and Biodiversity Implications**

7.1 None.

## **8. Crime and Disorder Implications**

8.1 Internal Control, supported by an independent review from an External Auditor, is to put into place measures to ensure the risk of fraud is reduced. Whilst this might not be totally secure these measures minimise the potential with the intention of there being none.

## REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL

**Review checklist - meeting standards   Evidence of Achievement in place   yes/no   Areas for Development**

|                      |  |     |                |
|----------------------|--|-----|----------------|
| Governance Framework | Standing Orders and Financial Regulations are in place and are reviewed annually or in conjunction with changes to working practices   | Yes |                |
|                      | Policies in place are: LCPS Discretions policy, Dignity at work, equal opportunities, filming and recording, health and safety, managing attendance, press and media, safeguarding | Yes | Being reviewed |
|                      | Procedures in place are: Grievance, Complaints, publication scheme, and risk management strategy.  | Yes | Being reviewed |
|                      | All Staff employed on written contract   | Yes |                |
|                      | Members Code of Conduct regularly reviewed   | Yes |                |
|                      | Members declarations of interest and register have been updated and are displayed on the Allerdale Borough Council Website   | Yes |                |
|                      | Budget and precept set annually by council   | Yes |                |
|                      | annual year end return approved by council   | Yes | By end of June |

|                    |  |     |                              |
|--------------------|--|-----|------------------------------|
| Financial Controls | Computerised financial management system in place                              | Yes | Scribe Accounts – New System |
|                    | Bank reconciliations completed on a monthly basis and reported to full council | Yes |                              |
|                    | Payment controls and payment details reported to full council                  | Yes |                              |
|                    | Quarterly budget monitoring reported to Finance Committee                      | Yes |                              |
|                    | £500,000 fidelity guarantee insurance  | Yes |                              |

|  |  |     |  |
|--|--|-----|--|
| Section 151 Officer                                  | Clerk is appointed RFO                                   | Yes | Asst Clerk updates Yearly<br><br>Weekly by Grounds Maintenance Team<br><br>Asst Clerk to Check |
| Review of risk management arrangements               | Risk register updated regularly by office                | Yes |  |
| Regular maintenance arrangements for physical assets | Periodic inspections undertaken                          | Yes |  |
| Insurance arrangement checked                        | Reviewed regularly and cross checked with Asset Register | Yes |  |
| Asset Register                                       | Reviewed regularly, inventory reviewed annually          | Yes |  |

|   |   |     |              |
|---|---|-----|--------------|
| External Auditors   | apart from an amendment, there were no issues raised by External Auditors, PFK, for the year ended 31st March 2020, report approved by full council | Yes |              |
| internal Auditors - appropriate actions have been taken on all matters raised | matters highlighted by the internal auditor are reported to Council   | Yes |              |
| Scope of internal audit   |   |     |              |
| Independence  | Internal audit does not have any other role within the council  | No  |              |
| Competence  | No evidence to suggest otherwise  | No  |              |
| Relationships   | RFO consulted on the internal audit plan. Respective responsibilities known. Responsibilities of Council members are understood.                    | Yes |              |
| Audit planning and reporting  | The annual internal audit plan properly takes account of all the risks facing the council.  | Yes | Twice Yearly |

## REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL

### Review checklist - Characteristics of effectiveness

| Expected Standard              | Evidence of Achievement in Place   | yes or No | Areas for Development |
|--------------------------------|--|-----------|-----------------------|
| Internal audit work is planned | internal audit based on risk assessment and designed to meet councils need | Yes       |                       |

|  |  |     |  |
|--|--|-----|--|
| understanding the whole organisation its needs and objectives      | The annual audit plan demonstrates how audit will provide assurances for the council ie annual governance statement  | Yes |  |
| Adds value and assist the organisation in achieving its objectives | The council makes positive responses to internal audits recommendations and follows up action where this is called for   | Yes |  |
| Be forward looking   | In formulating the annual audit plan, national agenda changes are considered. Internal audit maintains awareness of new developments in the services, risk management and corporate governance | Yes |  |
| Ensure the right resources are available                           | Adequate resource is made available for internal audit to complete its work. Internal audit understands the council and the legal and corporate framework in which it operates                 | Yes |  |



**FIN/7/2021 GOVERNANCE AND ACCOUNTIBILITY FOR SMALLER AUTHORITIES**

Noted the publication of the Practitioners Guide 2021, which is mandatory for 2021/22.  
It was RESOLVED to find out about the secure emails system with a gov.uk domain, which was identified on the changes.

**FIN/8/2021 PUBLIC TOILETS**

Review the annual costs. It was RESOLVED to recommend to full council that all toilets are open Monday to Sunday 8.00am to 5.00pm. Finance to look at options of employing staff.

**FIN/9/2021 DATE OF NEXT MEETING**

Date of Next Meeting 5<sup>th</sup> July at 6.00pm

Meeting Closed at 7.00pm