

**WIGTON TOWN COUNCIL**

**A MEETING OF THE FINANCE COMMITTEE WAS**

**HELD ON TUESDAY 7<sup>TH</sup> JUNE 2022 AT 6.00PM**

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

**FIN/1/2022 TO ELECT A CHAIR**

Cllr Ferriby was proposed by Cllr Jackson, seconded by Cllr Lynch

No other nominations received.

Cllr Ferriby was duly elected as Chair of the Finance Committee 2022/23

**FIN/2/2022 TO RECEIVE APOLOGIES & RECORD REASONS FOR ABSENCE**

None

**FIN/3/2022 DECLARATIONS OF INTEREST/DISPENSATIONS**

None

**FIN/4/2022 EXCLUSION OF PRESS AND PUBLIC**

None

**FIN/5/2022 REVIEW OF THE INTERNAL AUDITOR**

To carry out a review of the effectiveness 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 2022/2023, in the order of £350,000, it is expected that its total cash reserves will be in the order of £100,000.

#### **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 the 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

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/updated where necessary
	Procedures in place are: Grievance, Complaints, publication scheme, and risk management strategy.	Yes	
	All Staff employed on written contract	Yes	New apprentice has got contract
	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	Before the end of June 2022

Financial Controls	Computerised financial management system in place	Yes	
	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	Carried out by Grounds Staff
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	No issues raised by External Auditors, PFK, for the year ended 31st March 2021, 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

**Reviewed and accepted by Finance**

**7th June 2022**

Members **ACCEPTED** the review and **AGREED** that Jean Airey be appointed for year 2022-23

### **FIN/6/2022 PUTTING GREEN**

To discuss using sponsorship money to purchase a new mower

The Clerk reported that Cllr Armstrong had been using his own mower on the putting green and it is no longer fit for purpose. There is £900 in sponsorship money that had been given to the green last year and to date no money had been spent. The Clerk recommended allowing Cllr Armstrong to use some of the money to purchase a new mower. **All AGREED** to recommend to Full Council that Cllr Armstrong buy a new mower for the putting green with an allowance of up to £500. Also to suggest a space be made available in the grandstand to store the mower and any other items.

### **FIN/7/2022 WIGTON BURIAL JOINT COMMITTEE**

To discuss letter received from WBJC regarding the precept and terms of reference – Cllr Robbins reported that the committee were surprised that the town council had reduced the precept and felt that they should have been consulted prior. Cllr Lynch pointed out that when Allerdale stopped the grant, the three councils then had to precept for money that it was not an indefinite grant. Once the burial committee rented out the house and went with ABC bereavement services they would have to run as a business and eventually they wouldn't need money from the three councils. This is reflected in the money in the bank. The Clerk read out the figures for the last 3 years.

March 2020 – £11k

March 2021 - £23k

March 2022 - £40k

It was pointed out that the Town Council had less than £50k in bank as at March 2022 and that we have significant bills to pay. The committee cannot expect to keep receiving the same amount of grant money every year.

With regard to the terms of reference, the Clerk pointed out that the draft budget from WBJC was not received until the end of November and that was only after asking for it. Cllr Ferriby pointed out that by then we had already produced our draft budget at the finance meeting and the full council meeting.

The Clerk also stated that after reading the minutes of the burial committee online there were items mentioned that were to be actioned by her but had not been asked to do so.

To discuss loan repayments and other matters – It was pointed out that the loan was paid by the three councils in 2019. To date there have only been two payments made to each council, totalling just over £3,000, this also needs to be discussed.

Cllr Ferriby suggested that a pre meeting with the chairs of the three councils and the burial committee take place in September, before the production of any draft budgets. **All AGREED**

### **FIN/8/2022 DATE OF NEXT MEETING**

Next meeting – 26<sup>th</sup> July 2022

Meeting Closed at 7.05pm